

Acceptability & affordability research (stage 2)



United Utilities' AMP8
business plan 2025-2030



Contents

- 03** Methodology, objectives, approach & key take-outs
- 22** Proposed plan acceptability
- 64** Affordability of the proposed and must-do plans
- 78** Phasing and intergenerational fairness
- 86** Summary and conclusions
- 92** Appendix 1 – Stimulus
- 94** Appendix 2 – Post-task question results
- 107** Appendix 3 – Customer questions and answers
- 112** Appendix 4 – Limitations of the prescribed approach

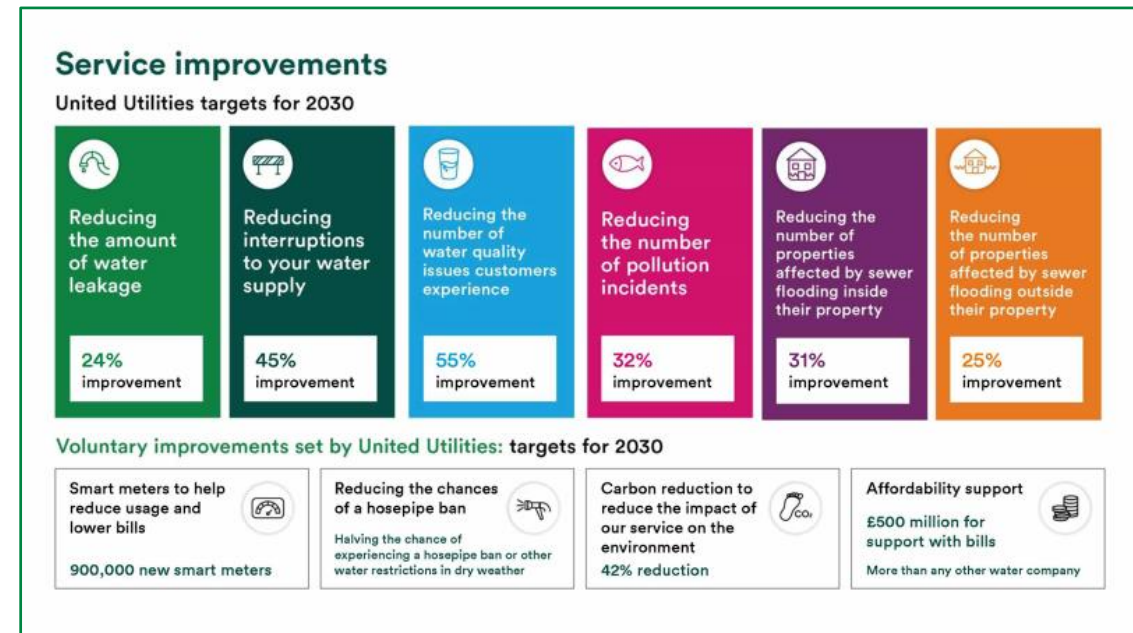
Methodology, objectives, approach & key take-outs

Background

In April 2023, DJS Research were commissioned to conduct extensive deliberative research across household (HH), non-household (NHH), vulnerable and future customers to test the acceptability and affordability of the company's 2025-2030 business plan (shown below). The research was conducted in line with CCW and Ofwat guidelines for sampling (details shown on slide 6).

The plan generated acceptability levels ranging from 69% among vulnerable customers to 88% among future customers (HH and NHH customers were 78% and 75% respectively) , and affordability scores of 25% among vulnerable customers to 61% among non-household customers, with households at 50%.

Following this research, United Utilities felt additional testing was required to take into account uncertainties around projected bill increases. It was evident a higher bill may be required to fund AMP8 investments, which could in effect be a material change to the plan tested in the first round. As a result; in-line with CCW and Ofwat guidelines, there was a need to test the revised plan and bill with current and future customers.



Objectives

The overall purpose of the research was to understand the extent to which United Utilities' plan for 2025-2030 represents an acceptable and affordable vision to its customers.

In particular, guidance from Ofwat/CCW requires the research to interrogate:

1. The acceptability of the plan
2. The affordability of the plan
3. Understanding affordability and acceptability across different audiences
4. Comparisons with the 'must do' alternative*
5. Views on phasing and inter-generational fairness
6. Suggestions on how the affordability and acceptability of the plan could be improved

*'Must do' business plan, refers to a business plan based on statutory elements to meet statutory requirements. The 'must do plan' as closely as possible, reflects what United Utilities must do to meet their legal obligations.

Methodology

Within the guidelines, Ofwat states:

We expect re-testing approaches to follow this guidance to the greatest extent possible, always aiming to achieve the standards for high-quality research. Companies *could* consider retaining a sample of participants from the ‘full scale’ household and non-household deliberative research to test the direction of travel of refinements to their proposed business plan where there is insufficient time to conduct fresh recruitment for larger scale testing.

We had a total of 52 participants happy to be recontacted following the first round of testing, who were recontacted by email asking if they'd be willing to take part. Too few per audience were willing/available to participate within the short fieldwork window of 3 weeks during the school summer holidays and we had concerns with mixing old and new respondents. Our re-contacts had already been through the first draft of the plan and had been educated around it, so the concern was that they would be starting the research from a different place to any fresh recruits. In addition, we wouldn't be able to mix them in a session and their responses would need to be analysed separately – we had too few on re-contacting to be able to do this within the guidelines of 8 per sample

We also had a concern that we could end up with a skewed acceptability profile (e.g. we may get proportionally more agreeing to take part who found the original plan acceptable or unacceptable than the whole sample), and it is likely that those who found the original plan unacceptable would also find the revised plan unacceptable.

Based on all of this, it was agreed with the ICG not to include the re-contacts in this round of testing and to only test with a fresh sample of customers

Methodology

There has been a very small window of time allocated to test the revised plan (c. 6 weeks from commission to headline findings). As such, adjustments have had to be made to the sample structure in order for United Utilities to receive the results in time for Draft Business Plan submission. These adjustments, which were agreed with United Utilities' ICG are shown in the table below:

Audience	Ofwat/CCW guidelines	AAT2: Approach and sample size	Comments
Household customers	Deliberative sessions (3 hours) – 48 respondents	2 x deliberative sessions (3 hours and 16 respondents) – 30 respondents Locations: Liverpool and Lancaster	There has not been adequate time to hold 3-4 deliberative sessions to consult 48 customers. It was agreed with UU and Your Voice that 30 was a robust enough sample.
Non Household customers (micro)	1 x deliberative session (3 hours) – 16 respondents	1 x deliberative session (3 hours) – 15 respondents: Trafford	The session was held in Trafford to allow transport links to other parts of the region. There was participation from micro NHH customers from Greater Manchester, Cheshire and Cumbria
Non Household customers (small to large)	Minimum 8 depth interviews	8 online depth interviews conducted across the region	CCW and Ofwat guidelines for sampling were met
Future Bill Payers	1 x deliberative session (3 hours) – 8 respondents	1 x deliberative session (3 hours) – 10 respondents: Central Manchester	CCW and Ofwat guidelines for sampling were met
Vulnerable customers	8 x depth interviews with financially vulnerable customers 8 x depth interviews with health vulnerable customers	4 x face-to-face depth interviews with financially vulnerable customers 4 x face-to-face depth interviews with health vulnerable customers Across the region.	In AAT1, we had a high drop out rate amongst this audience. The decision was made to reduce the number of interviews to allow for drop outs so we could meet timelines. This audience has been analysed at a total level i.e. 8 instead of sub-group level.

Methodology breakdown

NHH customers					
	n	Size	Employees	Industry	Guidance n
Group 4 (Trafford)	15	Micro	7 (1-4), 8 (5-9)	Mix	16
Depth interviews	8	6 (SME), 2 (large)	3 (10-49), 3 (50-250), 2 (250+)	Mix	8
TOTAL NHH	23	15 (micro), 6 (SME), 2 (large)	7 (1-4), 8 (5-9), 3 (10-49), 3 (50-250), 2 (250+)	Mix	24

HH customers					
	n	Age	Gender	SEG	Guidance n
Group 1 (Lancaster)	14	28-71	6 (f), 8 (m)	Mix	16 per group
Group 3 (L'pool)	16	27-74	9 (f), 7 (m)	Mix	
TOTAL HH	30	27-74	15 (f), 15 (m)	Mix	48-64

Future customers					
	n	Age	Gender	SEG	Guidance n
Group 2 (FBP)*	10	19-28	5 (f), 5 (m)	Mix	8

Vulnerable customers					
	n	Age	Gender	SEG	Guidance n
Depth interviews**	8	37-68	5 (f), 3 (m)	Mix	16

*Future bill payers included respondents aged 18-30 who do not currently contribute financially towards their water bill

**8 depth interviews were carried out with customers with vulnerabilities, this included: those struggling financially, and those with disabilities. Two customers were on a social tariff at the time of interview



Ofwat standards for high-quality research

Ofwat have set out requirements for [high-quality research in their Customer Engagement Policy](#). All water company research and engagement should follow best practice and lead to a meaningful understanding of what is important to customers and wider stakeholders.

Useful and contextualised

This research was conducted in order to test customer perceptions of the acceptability and affordability of United Utilities' revised business plan for 2025-2030 and will be used by United Utilities to shape the final business plan. The research was conducted in line with Ofwat / CCW guidance (except where highlighted on slide 6) and so is comparable to research across the industry.

Fit for purpose

Extensive cognitive testing was carried out during the design phase of Stage 1 of this research to ensure the complex subject matter was presented in a way which was as understandable and engaging as possible for respondents. Additional cognitive testing was conducted at the outset of this stage of the research.

Ethical

This research was conducted by DJS Research who are a member of the Market Research Society. Participants were regularly reminded that they could be open and honest in their views due to anonymity and DJS and United Utilities were subject to strict data protection protocols.

Continual

The business plan was revised taking into account feedback from AAT1, and feedback from AAT2 will be incorporated in the next stages of the business plan submission.

Inclusive

A mix of online, in-person and telephone engagements with customers were conducted using customer sample provided by United Utilities. Additionally, supporting materials that were presented to customers were provided in a range of formats, including video formatting with sign language overlaid. Audio description was also offered to those who required it.

Neutrally designed

Every effort has been made to ensure that the research is neutral and free from bias. Where there is the potential for bias, this has been acknowledged in the report. Participants were encouraged to give their open and honest views and reassurances were given throughout the research that United Utilities were open to hearing their honest opinions and experiences. United Utilities' ICG reviewed all materials prior to fieldwork with a view to ensuring questions and materials were neutrally designed.

Independently assured

Research was conducted by DJS Research, an independent market research agency. United Utilities collaborated with Your Voice, the Independent Challenge Group, who reviewed all research materials and provided a check and challenge approach on the method and findings. Compliance with Ofwat/CCW guidance will also receive second line assurance by the independent assurance provider, Turner & Townsend.

Shared in full with others

The full final report and research materials will be shared on the United Utilities' research library webpage.

Approach (I)

Prior to fieldwork commencing

- All materials were cognitively tested to understand where improvements to understanding and clarity could be made.

Pre-task materials

- Prior to attending a focus group session or in-depth interview, all customers were sent materials which they had to go through ahead of the session. Materials were sent c.4 days ahead of the session, and included:
 - A one-page document outlining United Utilities' proposed business plan, as well as statutory requirements that they must follow.
 - A slide deck which gave customers information about what United Utilities does within the North West, the statutory requirements they must follow, and how they are performing in line with other water companies in a range of areas.
 - Customers were also sent a video to watch which covered all of the information in the slide deck and one-page document.
- There was also an option to send customers print or audio copies of the materials if requested.

Pre-task questionnaire

- Once customers arrived at the session, they completed a pre-task questionnaire which asked them how easy or difficult they find paying their current bill, as well as key takeouts from the materials they were sent.

Overview of 'Our Plan' 2025–2030

United Utilities' business plan, 'Our Plan', for 2025 to 2030 is focussed on the company investing to improve the core services it provides to customers and to improve the region as a whole with more jobs and greater investment in the local environment and economy. 'Our Plan' is centred around three key ambitions for the North West, all of which have been identified by customers and communities in the region as important to them. By working together to address the challenges the region faces, United Utilities hopes to make the region **stronger, greener, and healthier**.

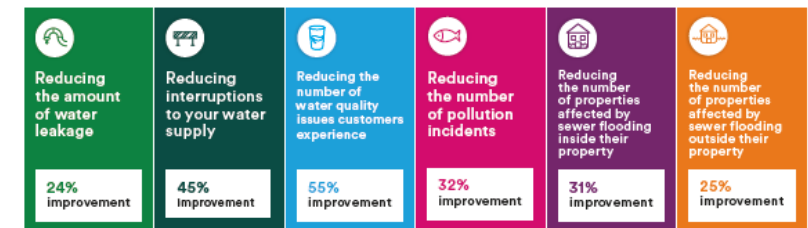
A STRONGER NORTH WEST: Proactively protecting our service against future challenges like climate change	A GREENER NORTH WEST: Reducing water wastage and protecting and enhancing the North West's nature and ecosystems	A HEALTHIER NORTH WEST: Proving additional social benefits to North West communities
<ul style="list-style-type: none"> Investing £150m in pipes that are fit for the future Employing an inclusive and diverse workforce with 5,700 jobs Investing now to reduce the future impact of storms on the network Reducing the likelihood of future water restrictions Providing optional smart meters to help customers reduce water usage and bills. Smart meters also help towards detecting leaks and reducing wastage to protect the environment 	<ul style="list-style-type: none"> Reducing water wastage by 24% on our network and reducing usage Significantly reducing sewage water spills into water courses by 39% Investing in green, sustainable infrastructure that improves the lives of our communities in the long-term Protecting 475km of cleaner rivers to promote biodiversity and wildlife Planting a million trees Investing c.£195m to reduce carbon emissions by 42% through upgrading to processes with lower emissions and using renewable energy sources 	<ul style="list-style-type: none"> Continuing to provide great quality drinking water across the North West Restoring 14 coastal water areas in the North West used for wild swimming and water sports Restoring peatland and ecosystems for 500 hectares of land (equivalent to 700 football pitches) Leading the utility sector on supporting vulnerable customers with services tailored to their health needs Providing £500m of support to households so those struggling to pay have a discounted water bill. This is the largest amount of support ever offered by any water company

Service improvements

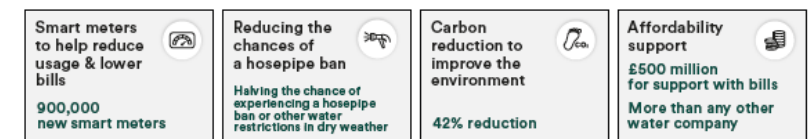
All of these investments from 2025 to 2030 are expected to deliver significant improvements to many of the day-to-day services that United Utilities' customers rely on. In support of this wider vision, United Utilities intends to commit to ten specific improvements to its service that affect its customers' everyday lives.

The first six of these ten are improvements that the water regulator, Ofwat, says water companies must include in their business plans. The last four, are voluntary targets that United Utilities wants to set itself, but these aren't required by Ofwat.

United Utilities targets for 2030



Voluntary improvements set by United Utilities: targets for 2030



Approach (II)

Structure of sessions

- All session / interview materials were developed in line with Ofwat / CCW guidance, and a variety of topics were covered with customers. These included:
 - **Initial introductions** – customers were first invited to tell us a little bit about themselves e.g., who they live with, hobbies etc.
 - **Reactions to the pre-task** – next we asked customers to reflect on the pre-task materials they received ahead of the session. They were asked if anything was unclear or difficult to understand and if anything surprised them.
 - **Introduction to United Utilities** – then we asked customers to tell us a little bit about what they thought of United Utilities as an organisation whilst guiding them through slides that outlined what United Utilities does within the North West.
 - **Temperature check** – here we checked in with customers and asked them to shed some light on their current finances.
 - **Long-term picture** – then we talked customers through United Utilities' vision all the way up to 2050 and asked them to consider the plan from three different perspectives: as customers, as consumers and as citizens.
 - **Short-term picture** – next we showed customers United Utilities' proposed business plan and asked for their initial thoughts.
 - **Comparative data** – then customers were shown how United Utilities is comparing to other companies on a range of measures. They were asked how they thought United Utilities is performing compared to other companies against each measure.
 - **Focus on the short-term plan (service improvements)** – an in-depth review of the acceptability of all ten service improvement targets included in the plan took place, followed by an assessment of overall acceptability.
 - **Affordability** – we undertook an assessment of the affordability and service levels of the proposed and 'must do' plans, in relation to personalised bill projections impacts based on the current position to 2030 (HH, NHH and Vulnerable) and projections based on the average bill for future customers. Financially vulnerable customers on social tariffs were given a projection based on their current position and informed that whilst they remain on a social tariff their bill will be discounted.
 - **Phasing** – finally, we explored preferences regarding investment phasing and intergenerational fairness.

Approach (III)

Post-task questionnaire

- At the end of each session, participants were given a final questionnaire to complete that quantified the audiences' reactions to the acceptability and affordability of the proposed plan and preference regarding the 'must do' alternative and investment phasing options.

Q02.
Based on everything you have heard and read about United Utilities proposed business plan, how acceptable or unacceptable is it to you?
Please select one answer only.

Code	Answer list	
1	Completely acceptable (GO TO Q03b)	<input type="checkbox"/>
2	Acceptable (GO TO Q03b)	<input type="checkbox"/>
3	Unacceptable (GO TO Q03a)	<input type="checkbox"/>
4	Completely unacceptable (GO TO Q03a)	<input type="checkbox"/>
85	Don't know / can't say (GO TO Q04)	<input type="checkbox"/>

Context (I)

The following events happened before or during the fieldwork period and may have influenced customers' answers.

Late 2021 – cost of living

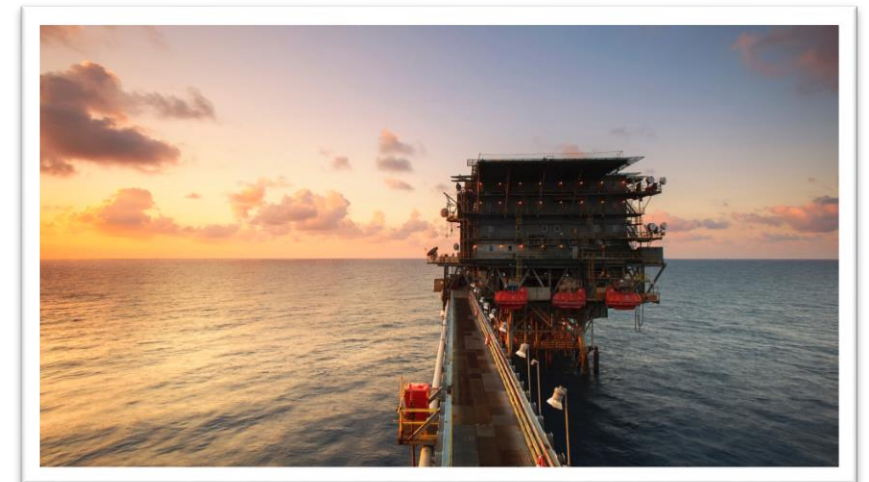
Since late 2021, a large proportion of the UK population have been feeling the effects of the cost-of-living crisis. This has meant that households typically have less disposable income and United Utilities customers may be feeling significantly more squeezed in terms of their finances than normal.

February 2023 – news on bill rises, energy company profits and forced energy metering

In early February 2023, United Utilities announced that 2023/24 bills would see a 6.4% increase on 2022/23 bills.

Throughout February 2023, oil and gas companies published record profits. This again took place during the fieldwork period and may have influenced customers' answers in the sense that a handful of customers mentioned the fact United Utilities are yet to publish their profits. This may not have been mentioned had oil and gas companies not published their profits.

Also in February, the Government reached an agreement with energy companies to halt forced installation of prepayment meters for energy customers. While this practice is not found in the water industry, concerns about this were still raised in relation to water meters and, especially, the roll out of smart water meters.



Context (II)

The following events happened before or during the fieldwork period and may have influenced customers' answers.

May 2023 – media coverage of sewer overflows and shareholder bonuses

In reaction to public anger regarding stories of water companies releasing raw sewage into the UK waterways, a number of actions were taken within the industry.

Bonuses, in themselves, have been a source of public frustration particularly in recent months. However, a number of water service provider CEOs (Yorkshire Water, Thames Water and South West Water) recently declined to accept their usual bonuses due to poor performance.

Secondly, a joint apology was offered to the public for not acting quickly enough to prevent sewage spills, with a promise to increase investment to prevent spills in future to £10bn by 2030. However, some criticism was received due to this increased investment being funded by customers' bills.

June/July 2023 – Thames Water in billions of debt

At the end of June the CEO of Thames Water resigned, it was revealed that the company was in £14bn of debt and there were fears it was on the verge of collapse.

August 2023 – Water companies facing lawsuits over allegations of underreporting pollution incidents.

On August 9th (the day of the Future Bill Payers deliberative session), the news headlines featured 6 water companies (including United Utilities) which could be facing £800m lawsuits over allegations of underreporting pollution incidents and overcharging customers. At the time, only one lawsuit had been filed and this was against Severn Trent.

Positive and negative sentiment towards United Utilities: overall

What do customers think of United Utilities?

Across all audiences, customers were in general personally satisfied with the service they receive from United Utilities with the majority scoring them between 7 and 9 out of 10. However, on a wider scale customers were unhappy with sewer discharges (enhanced by news reports prior to and during fieldwork), shareholder profits and leakage (especially in Liverpool where several examples were given).



“We live relatively close to Devonshire Road...I've lived there for three years and every year it's burst. And every time I see it, and it floods the roads and I think if it keeps happening, they must be doing something wrong”

Household, Liverpool

“There needs to be a long term strategy. You see a lot of quick fixes but actually I think a whole system needs to change for them, for the money to be worth it and to be safe in the long run as well.”

Household, Lancaster

“Personally, we've always had good service... No disruption (fingers crossed), and good service. But you see leaks, and you hear about the sewage, alongside bills going up and it's not so good.”

Micro, Trafford

Financial health: overall

58%

of customers say that they currently find it 'very easy' or 'fairly easy' to pay their water and sewerage services bill

Note: 67% 'very easy' or 'fairly easy' in AAT1

We see a difference in ease of paying current bills between household & non-household* customers
(62% cf. 52%)

Temperature checks with household customers revealed that general feelings around finances were mainly negative (see next slide)

When split by SEG, we see no difference between ABC1 and C2DE **(61% cf. 63%)**

*19% 'fairly difficult' among non-household customers

Financial temperature check

Most households and businesses felt that their current water bills were affordable, despite additional pressure among other rising costs such as energy bills and food prices.

In isolation customers did not typically see their water bills as a grave concern, however, the expense sits within an ecosystem of rising costs that for many *was* deeply concerning, and because of this, many reported low resilience towards one-off or unexpected expenses.

In the context of these other pressures, water bills were typically thought to be cheaper and less pressing than other household bills. Just one of 30 household customers found their current bill 'fairly difficult' to afford (a C1 SEG customer), but 10 found it neither easy nor difficult – suggesting that any unexpected change in circumstance could make a significant difference to longer term affordability.

Wider financial outlook

Outside of direct financial pressures, there was a prevailing sense of negativity about the economy, support systems available to people and businesses that might be struggling and the wider political landscape - particularly among micro businesses.



Important theme for the majority of customers: delayed investment



Why has it taken this long?

While customers were, typically, pleased to see plans to invest in pipe infrastructure, some were of the opinion that this investment is long overdue and has been delayed (presumably to reduce expenditure).

This angered some individuals who felt that profits have been lining shareholders and executives' pockets when they should have been re-invested into the network.

As such, most felt that the current plan is, to that extent, reacting to problems caused by a previous failure to invest.

"If it's that easy though, to get that much of an improvement, then why is it taking so long to get the improvements?"

FBP, Manchester

"If you look at the revenue generated from the profit margins, more can be done"

Micro, Trafford

"Why haven't they invested in assets?"

Household, Lancaster

"There's no other business where it would be acceptable to just basically run your business into the ground by skimming off profits the entire time, and then expect people to pay more because you haven't been maintaining systems and your infrastructure the entire time"

Household, Liverpool

"How long has United Utilities been in control of the water in the North West? The only reason I ask is because so often in these debates you hear oh, well, we're using a Victorian system. And it's like, well, okay, but the Victorians it was their system, what 150 years ago? At what point do we stop relying on a Victorian system and start building our own system? And what's stopping that from happening? If they could do it, why can't we?"

Household, Liverpool

Important theme for a minority of customers: fairness and profit



“I'm just gonna say why don't they nationalise it and let the government use that profit to invest back into things but I know that's not the discussion today.”

Household, Liverpool

Why does the cost fall on the customer?

Over half of participants (more than at AAT1) noted that, as a private, profitable business, it was unfair for United Utilities to ask bill payers to shoulder the cost of these improvements, preferring, instead, that this be primarily (or entirely) paid from through the company's profits/dividends.

For some customers, there were concerns that the projected increases in their bills were being used to support profits rather than fund infrastructure.

Similarly, across the engagements, a notable minority of customers felt strongly that, as a vital human necessity, it was wrong for a private company to be making a profit from providing water and wastewater services.

Note: in the period leading up to fieldwork there was a press release about how some water company CEOs were declining their bonuses due to poor company performance. UU was not listed as one.

The Liverpool group in particular housed a lot of customers who were very opposed to the operations of the current Conservative government and privatisation of water companies.

“They say we need to do all these things, let's get a bit more money out of them. So I'm a bit worried that they you know, they are making a lot of money”

Household, Liverpool

“If this is, you know, we're investing £150 million in pipes in the future, you're gonna pay for that in the long run, we're still on a £10 billion profit for our shareholders. It switches how you feel about the investment plan”

Micro, Trafford

“They're a multimillion pound company, and the infrastructure is terrible anyway, why can't they improve it now rather than in 30 years' time?”

FBP, Manchester

Retailer vs Wholesaler: non household customers

There was an element of confusion amongst businesses, especially micro and small businesses, about their relationship with United Utilities. Whilst some were aware of the retail market, very few had explored their options in respect of renegotiating an existing deal / contract, or looking to switch to another supplier. The (general) lack of awareness of the retail market meant that most (especially micro and small businesses) would still look to United Utilities for support if required.

Many felt their relationship with United Utilities would at best be described as ‘transactional’ or ‘distanced’ – and very few felt a strong emotional connection:

“I’ll be honest... I thought that United Utilities covered the whole country, I didn’t realise they were just in the North West.”

Micro, Trafford

“I remember a few years ago that it changed, but I couldn’t tell you much about it.”

Medium business

“It was only when I was speaking to my wife about it before this session and asked her where the bill was that I saw it was Water Plus and not United Utilities.”

Micro, Trafford

“I thought Water Plus was like the billing arm of United Utilities!”

Micro, Trafford

Customer perspective: customer vs. consumer vs. citizen

When asked to consider United Utilities' long-term and short term plans, from the perspective of a customer, a consumer and a citizen, there was a considerable difference in the scope of considerations, and the way in which opinions were formed:

Customer perspective:

When thinking as customers and bill-payers only, customers tended to have a narrower focus – concentrating primarily on how United Utilities' proposals would impact them financially and whether they demonstrated value for money. Bill payers were more judgemental but whilst they felt that United Utilities should place greater emphasis on reducing sewer overflows and managing increased water demand, they were mindful of how this might affect their water bills.

Consumer perspective:

When thinking from the consumer perspective, the key long term focuses were managing increased water demand, followed by reducing sewer overflows and improving river water quality. Shorter term, service issues such as water quality, reliability and flooding were most important to future customers and current bill payers felt that consumers were more likely to think more widely about the issues facing United Utilities.

Citizen perspective:

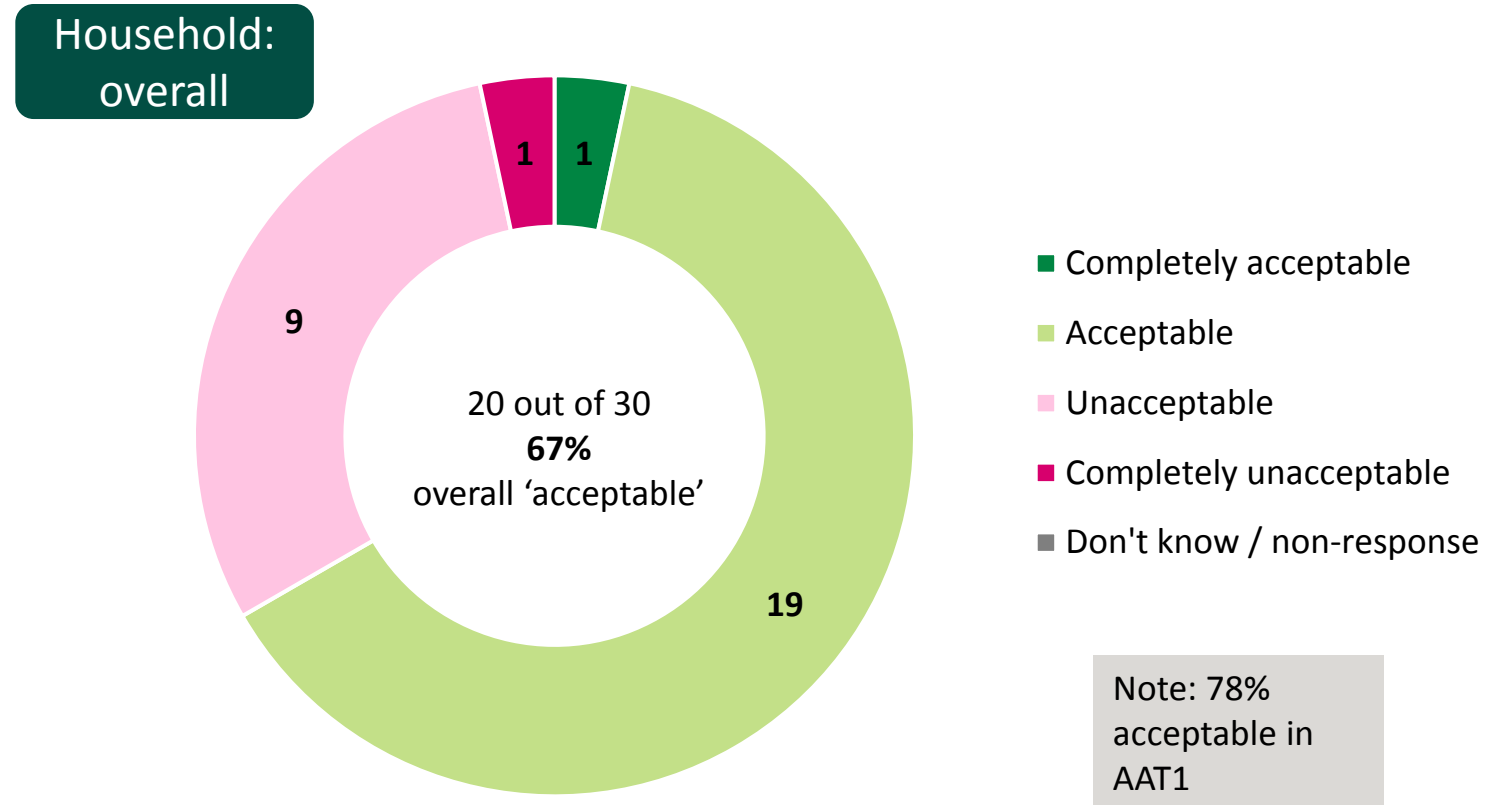
When thinking from the citizen perspective, customers were more likely to consider each part of the plan as important – with net-zero greenhouse gas emissions taking on greater importance than when thinking from a customer and consumer perspective. In this scenario, customers were more likely to think about areas that were not covered (in detail) in the long-term plan, including upgrades to infrastructure and future-proofing the network whilst also reducing its environmental impact. Thus leakage and flooding were issues from the short term plan which customers felt would be most important to citizens.

Proposed plan acceptability

Acceptability of the proposed plan: household customers

Overall, how acceptable did household customers believe the proposed plan to be?

Two thirds of household customers found the proposed plan acceptable (19) or completely acceptable (1). A third of household customers found the plan to be 'unacceptable' (9) or 'completely unacceptable' (1).



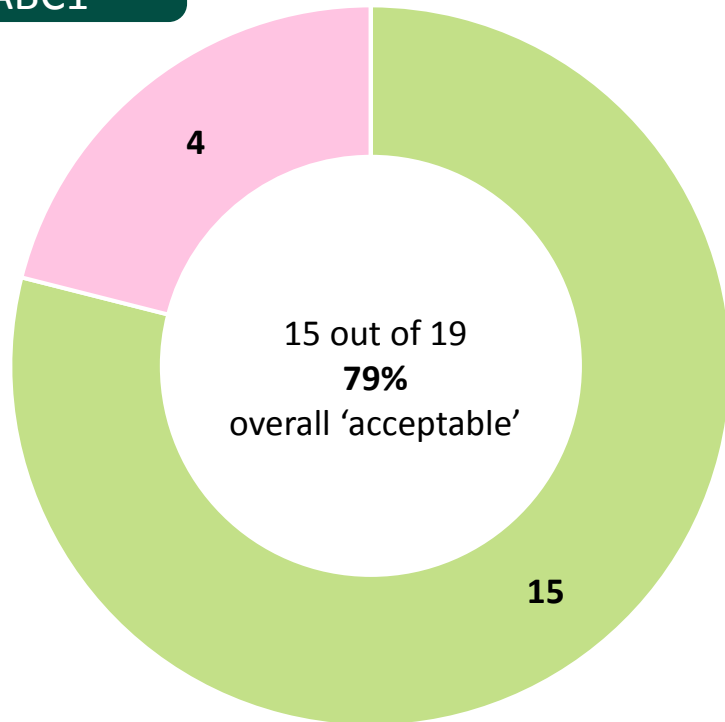
Base: All HH respondents (30) Post-task Q2 Based on everything you have heard and read about United Utilities' proposed business plan, how acceptable or unacceptable is it to you?

Acceptability of the proposed plan: household customers

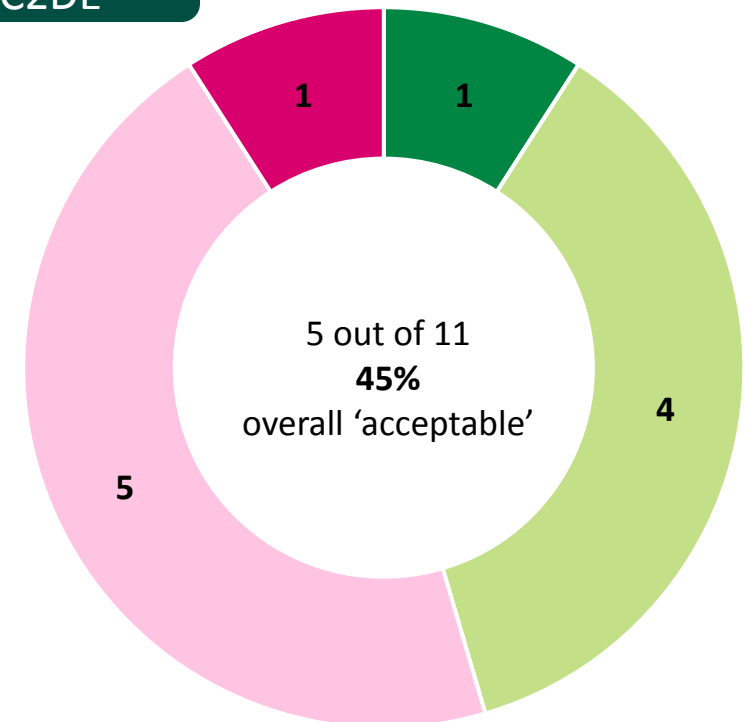
How did householder views of acceptability differ by socio-economic group (SEG)?

ABC1 household showed a large degree of acceptance of the plan, with 15 of the 19 attendees stating that the proposed plan is 'acceptable'. Opinion is more divided amongst the C2DE householders, where only 45% (5) agreed that the plan is acceptable, and six stated the plan is either 'unacceptable' (5) or 'completely unacceptable' (1).

Household:
ABC1



Household:
C2DE



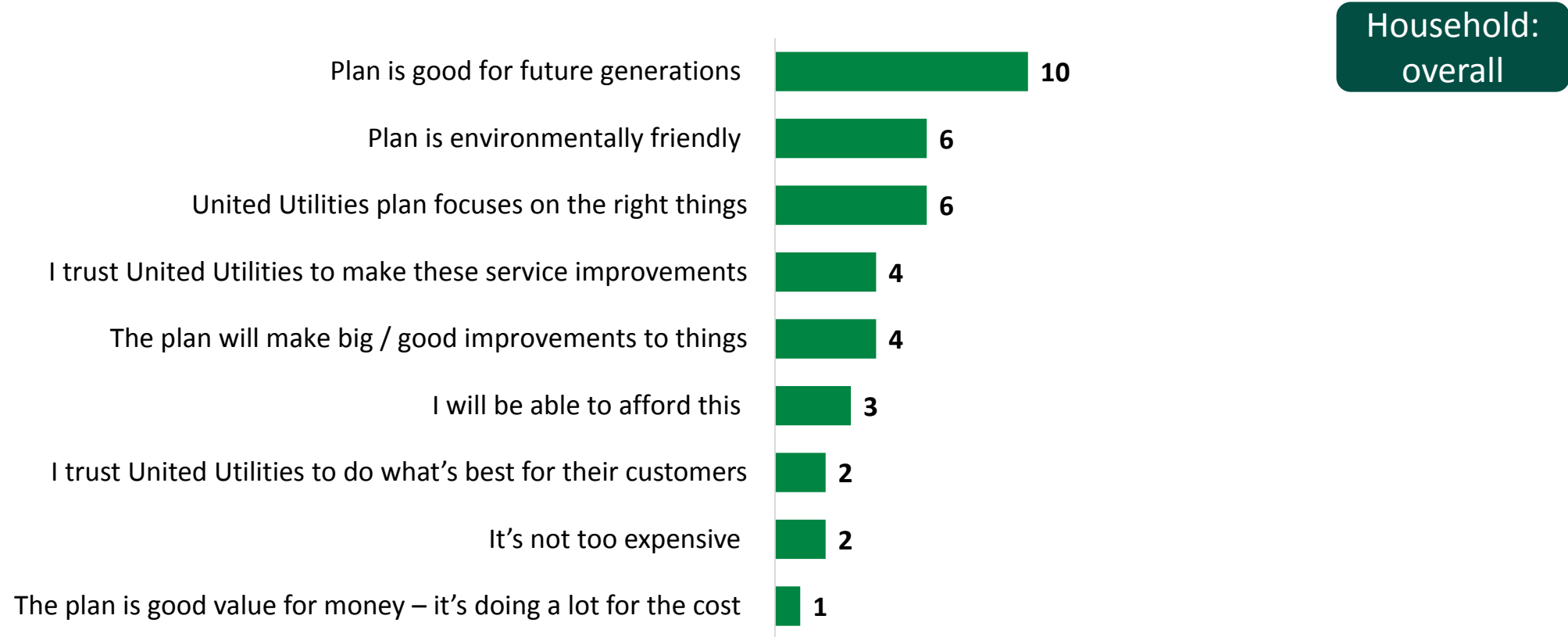
- Completely acceptable
- Acceptable
- Unacceptable
- Completely unacceptable
- Don't know / non-response

Base: All HH respondents (30) ABC1 (19) C2DE (11) Post-task Q2 Based on everything you have heard and read about United Utilities' proposed business plan, how acceptable or unacceptable is it to you?

Acceptability of the proposed plan: household customers

What motivated household customers to say that the plan was acceptable?

Household customers who believed the plan to be acceptable, most commonly did so because they felt it is good for future generations (50%), is environmentally friendly (30%), and focuses on the right things (30%). This differs somewhat from AAT1 where 38% said it was good value for money, compared to just 5% in AAT2. Some also indicate a trust in United Utilities' execution of the plan, with four (20%) indicating they trust UU to make these service improvements and two (10%) trusting them to do what is best for customers. These proportions are similar to those seen in AAT1.

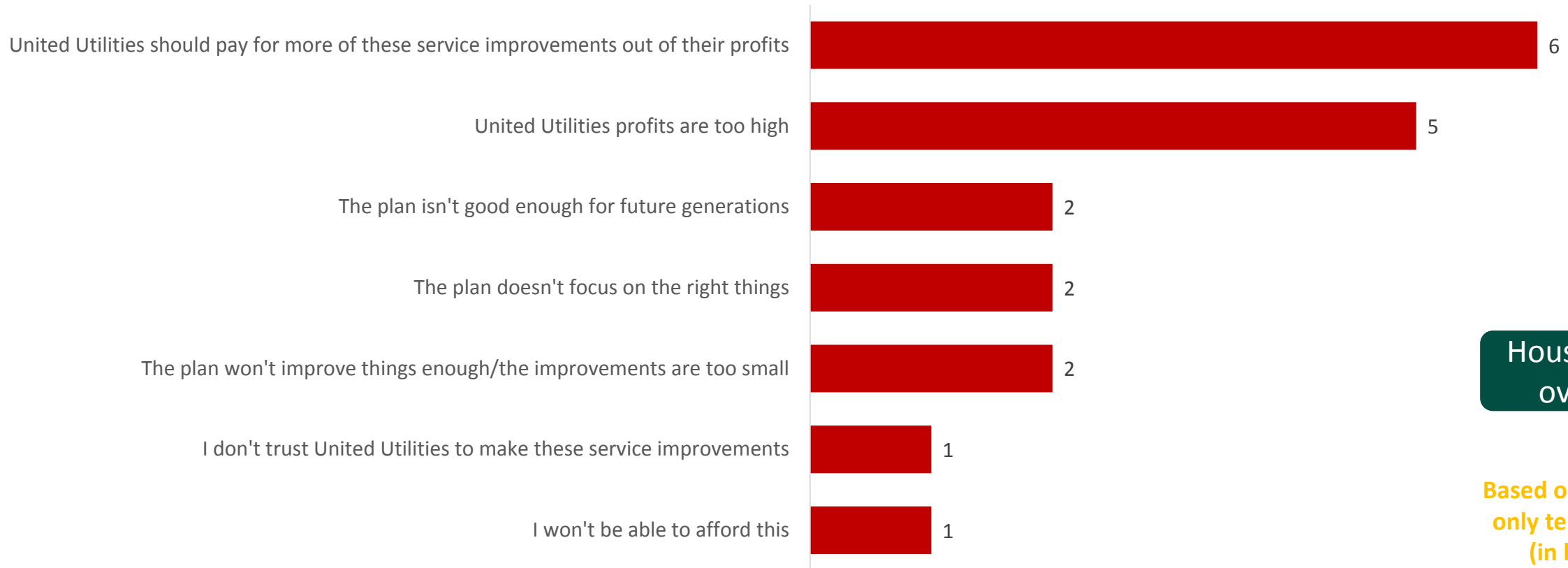


Base: HH respondents stating the plan is acceptable (20) Post-task Q3b You said that the proposed business plan is acceptable...Why do you say that?

Acceptability of the proposed plan: household customers

What motivated household customers to say that the plan *was not* acceptable?

Six of the ten household customers, who believed the plan to be unacceptable, stated that they feel this way because United Utilities are not shouldering enough of the costs out of their profits. Five of the ten also place the size of United Utilities' profits as part of their reason for finding the plan to be unacceptable. This is in line with AAT1 results.



Household:
overall

Based on a subset of
only ten responses
(in line with
guidance on survey
routing)

Base: HH respondents stating the plan is not acceptable (10) Post-task Q3a You said that the proposed business plan is not acceptable...Why do you say that?

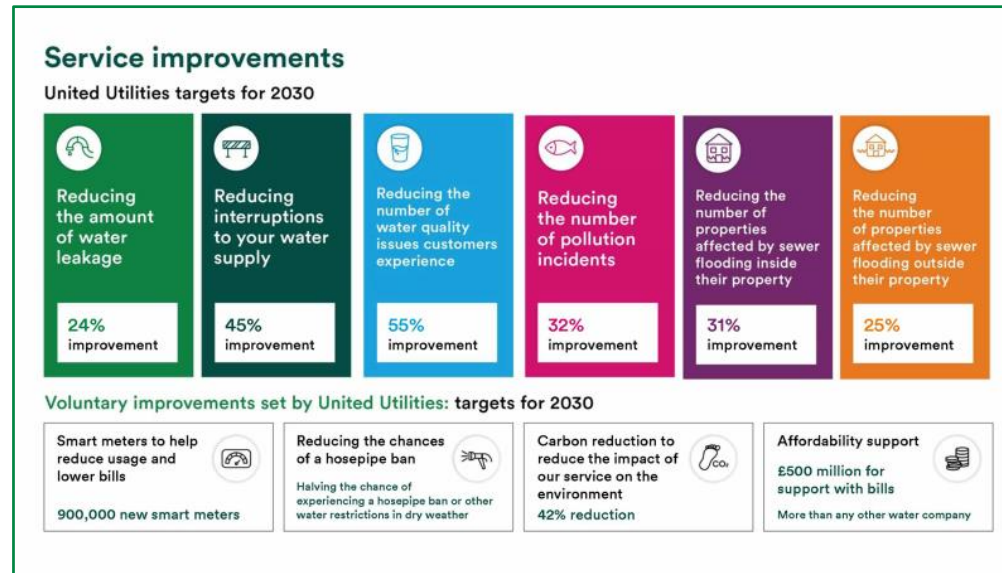
Reactions to the plan: household customers

How did household customers react to the proposed plan?

For most customers, the proposed plan covered the areas they considered a priority; particularly in relation to pollution, water leakage and sewage flooding. That said, typically, customers wanted to see United Utilities being more ambitious with certain targets; in particular that water leakage and pollution should be tackled sooner, with more stretching targets attached in the short to medium term.

Positives

- Acceptable / credible to most
- A good starting point
- Focuses on areas valued by the public (environmental pollution, water wastage)
- Public are aware that infrastructure (especially pipes) needs investment
- Affordability seen as a positive overall, but not a top priority for most



Concerns

- Some elements (leakage, pollution) felt to lack ambition, with a greater or complete improvement expected
- £150m for new water pipes not considered to be enough
- Lack of trust that United Utilities can or expects to meet these targets in areas where it's already lagging.

“Obviously, I think the pollution is probably the most important in my opinion.”

Household, Liverpool

“All these issues are relative to each other. I mean, obviously, we'd like to have all of these improvements. But if you said to me that if we only got 20% improvement, we could get less water leaks and less pollution. I would take it.”

Household, Lancaster

“The risk associated with pollution now is so much more detrimental. So, you know, you need to be targets as the big one”.

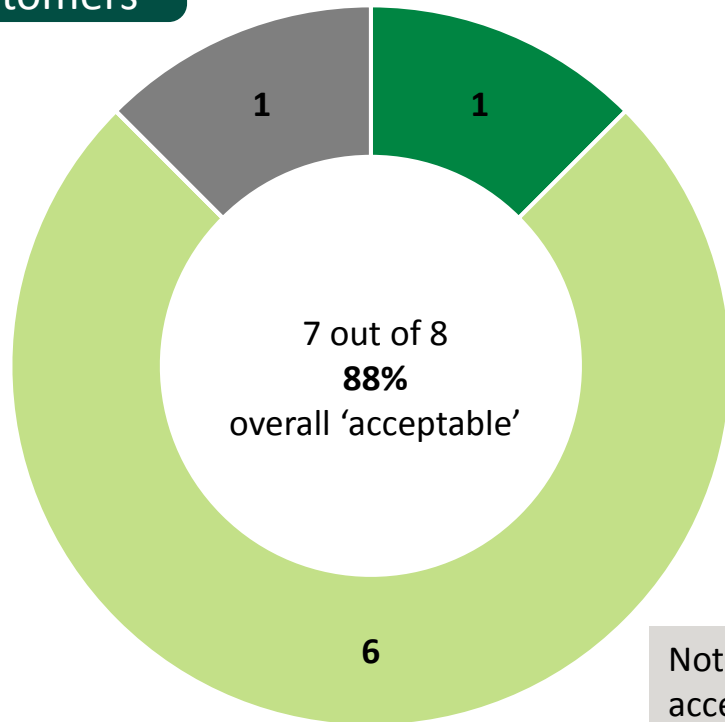
Household, Lancaster

Acceptability of the proposed plan: vulnerable and future customers

Overall, how acceptable did vulnerable and future customers believe the proposed plan to be?

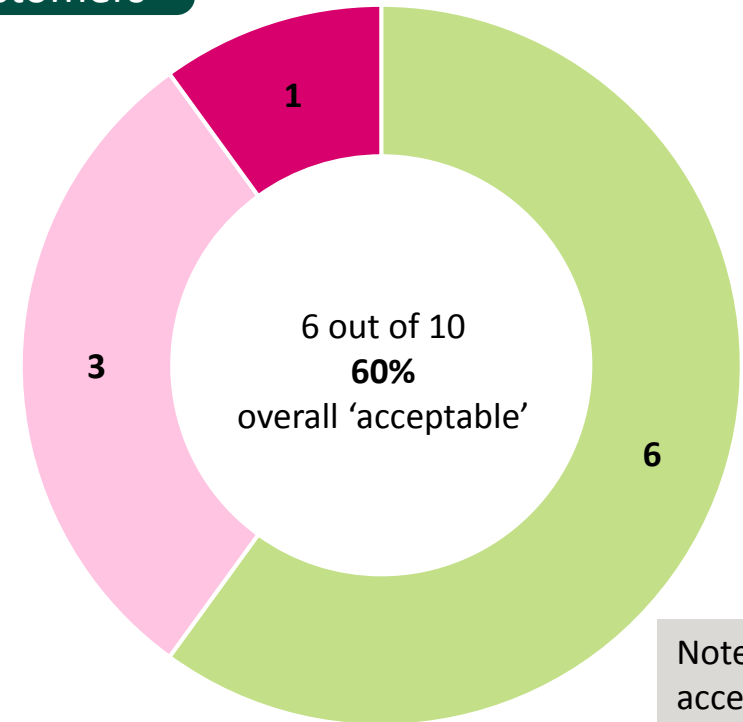
Vulnerable customers are the most accepting audience when it comes to the business plan, whilst future bill payers are on balance accepting but with only a 60/40 split.

Vulnerable customers



Note: 69% acceptable in AAT1

Future customers



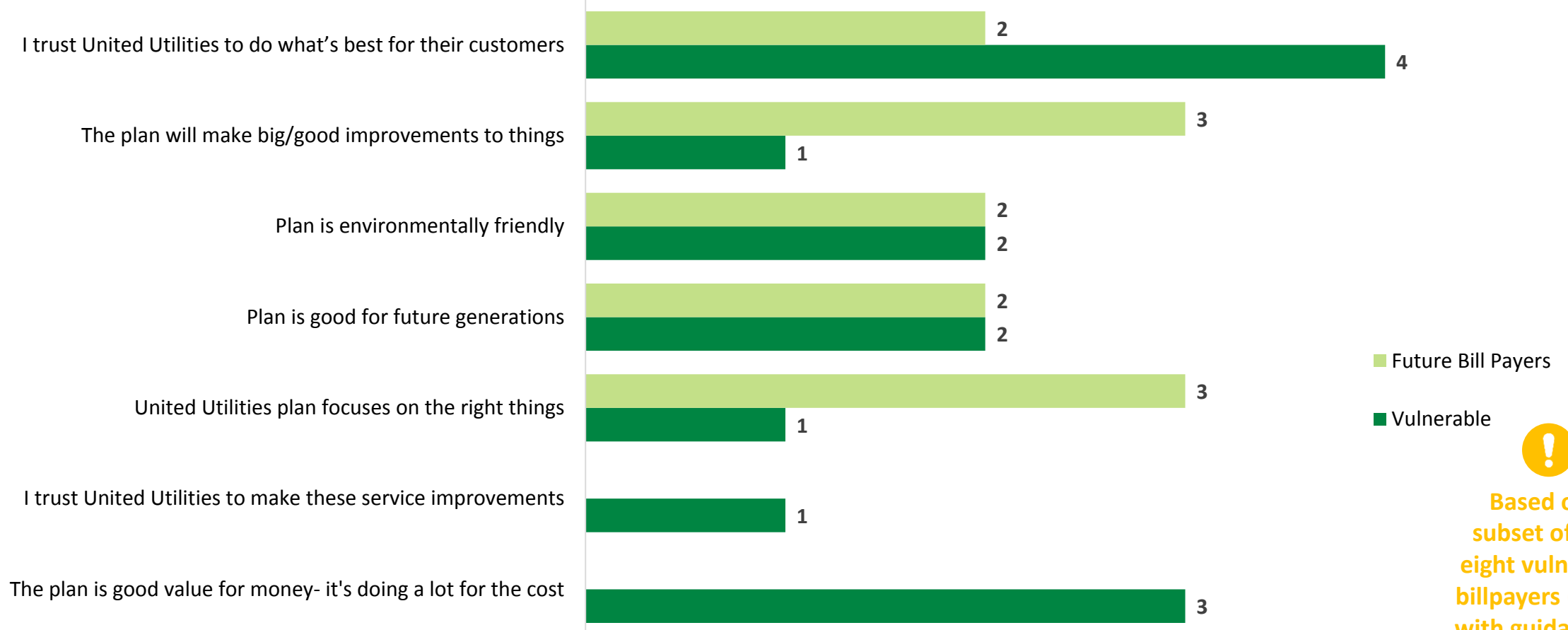
Note: 88% acceptable in AAT1

Base: All vulnerable respondents (8), all future bill payers (10) Post-task Q3/Q2 Based on everything you have heard and read about United Utilities proposed business plan, how acceptable or unacceptable is it to you?

Acceptability of the proposed plan: vulnerable and future customers

What motivated vulnerable and future customers to say that the plan was acceptable?

Future customers who believed the plan was acceptable, most commonly thought so because they felt it focused on the right things and that the plan would make big improvements (**both 3**). Vulnerable customers trust United Utilities to do what's best for their customers (**4**) and think the plan is good value for money. This is in line with AAT1 results.



Base: Vulnerable (7) and FBP (6) respondents stating the plan is acceptable Post-task Q04b/Q3b You said that the proposed business plan is acceptable...Why do you say that?

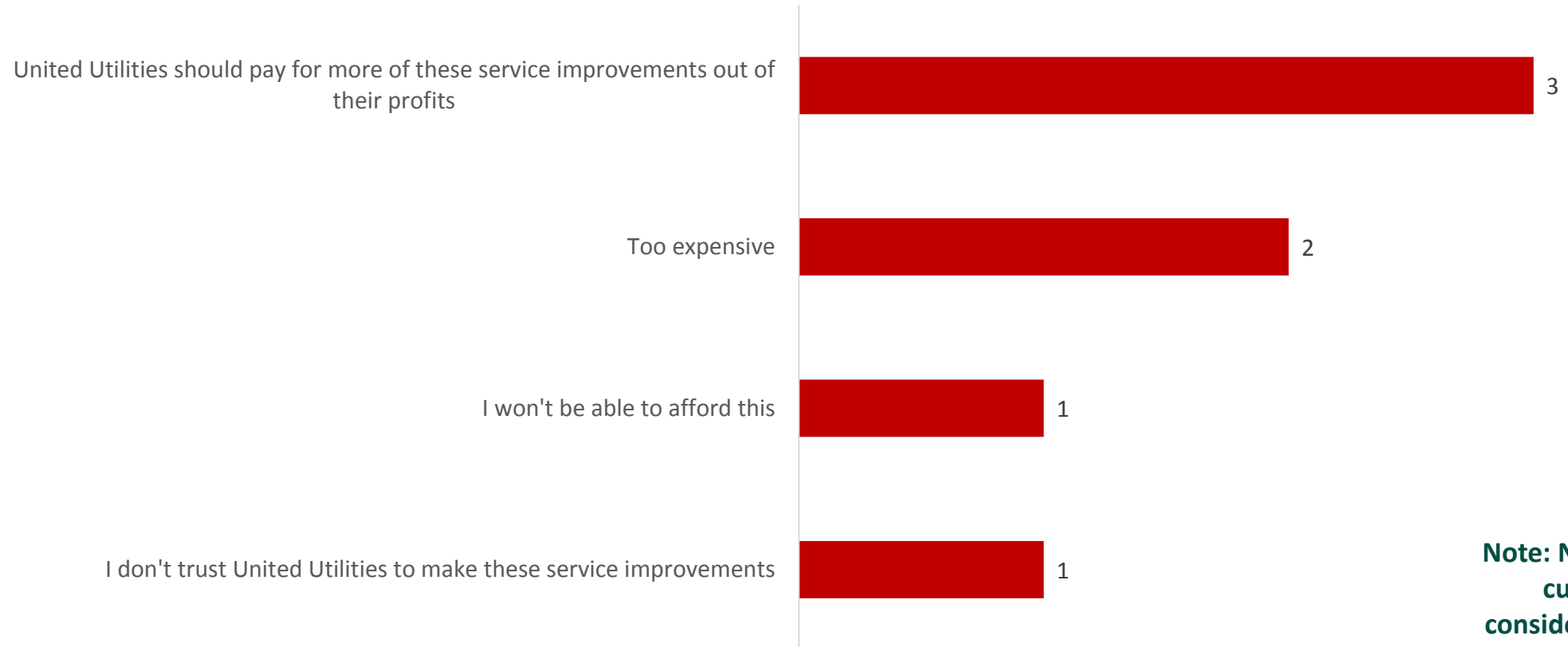


Based on a subset of only eight vulnerable billpayers (in line with guidance on survey routing)

Acceptability of the proposed plan: future customers

What motivated future bill payers to say that the plan *was not* acceptable?

Of the four future bill payers who found the plan to be unacceptable, three felt that United Utilities should pay for more service improvements out of their profits, two that the plan was too expensive, one that they wouldn't be able to afford it, and one that didn't trust United Utilities to make the service improvements outlined.



Note: No vulnerable customers considered the plan unacceptable. No data to show

Base: Future bill payers who state the plan is unacceptable (4) Post-task Q2a You said that the proposed business plan is not acceptable...Why do you say that?

Reactions to the plan: vulnerable and future customers

How did vulnerable customers and future bill payers react to the plan?

Vulnerable customers spoke highly of the plans and targets set out by United Utilities. Generally, they held the company in high esteem as a result of prior positive experiences. Affordability was of particular interest, and many were impressed by the breadth of support offered, and the amount of investment proposed. Future bill payers were generally positive about the plan until they saw the bill predictions which were a concern to several.

Positives



All vulnerable customers agreed that the plan is positive. They were complimentary of United Utilities’ ambitions, and were especially impressed by the amount of support offered for those struggling.

Those vulnerable customers receiving financial help spoke positively about their experiences, and were happy to learn that there is more support on offer, though there is a general lack of awareness.



“The financial support I think is impressive, actually . It's very kind to people. I mean, people have and are struggling, which is heartbreaking, really. And to get through with things like this is good.”
Health vulnerable, Lancashire

“Quite positive, like quite good plans for the future and especially in trying to help... is it 500 million[?], that stood out.”
FBP, Manchester

Negatives



A minority of vulnerable customers saw the plan as slightly overambitious. Instead of spreading investment so broadly, they would have instead preferred to see United Utilities focus on fewer key targets

Whilst future customers felt that the plan covered the right things, they were concerned about the cost and why the government or United Utilities can’t cover more of the cost



“There is a lot to do . And I do feel like maybe too much as a whole; maybe just look at certain points, the main points that are needed ”
Financially vulnerable, Lancashire

“Why is it being passed on to us? If it was the optional stuff, like yeah, that's fair enough. But it's literally mandated”
FBP, Manchester

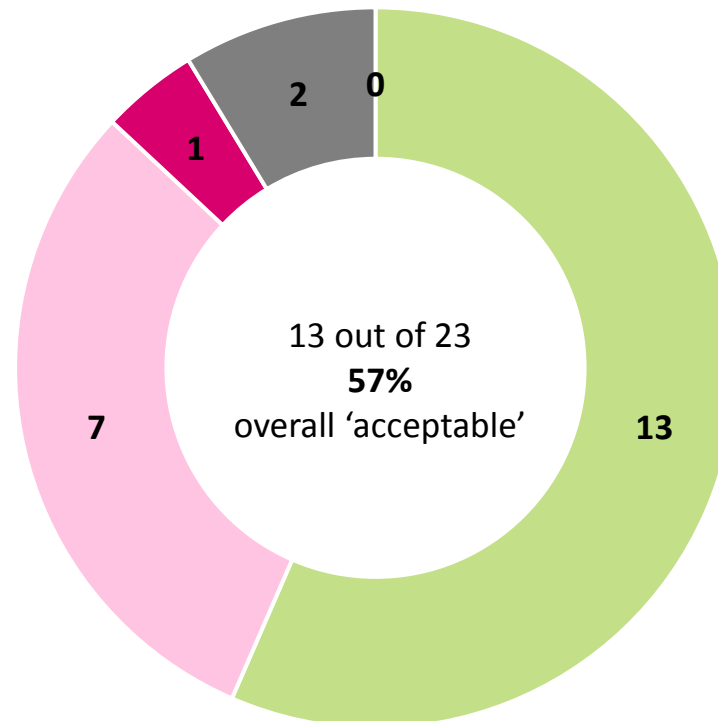
Acceptability of the proposed plan: non-household customers

Overall, how acceptable did non-household customers believe the proposed plan to be?

On balance, non-household customers found the plan acceptable. 9/15 micro businesses found it acceptable, and 4/8 small/medium/large businesses. No businesses found the plan completely acceptable.

“It’s not focusing on the right areas, £150m on leakage and reducing interruptions is nowhere near enough. £500m on additional support and £3bn on sewage... The numbers don’t seem to add up .”
Micro, Trafford

“The plan is fairly standard stuff for a big organisation. I’m not sure it goes far enough, but I’m also not sure they’ll be able to do it.”
Large business



**Non-Household:
overall**

- Completely acceptable
- Acceptable
- Unacceptable
- Completely unacceptable
- Don't know / non-response

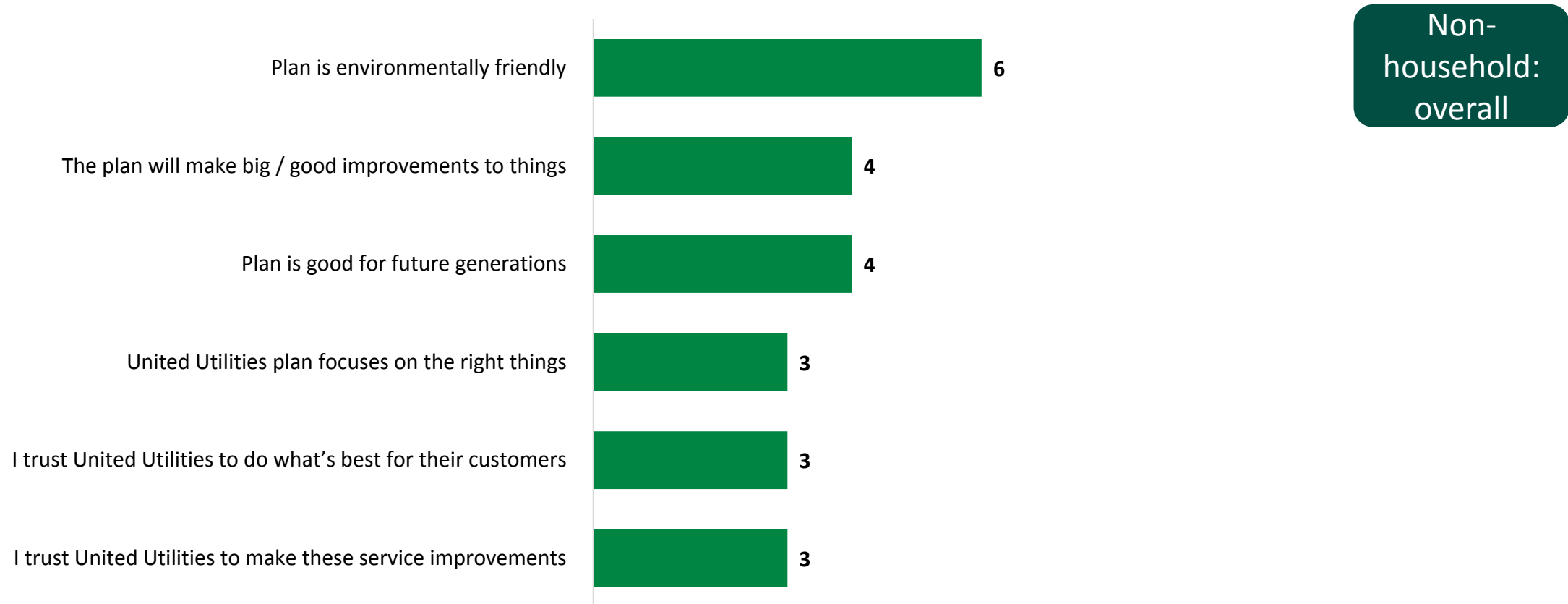
Note: 75%
acceptable in
AAT1

Base: All NHH respondents (23) Post-task Q2 Based on everything you have heard and read about United Utilities proposed business plan, how acceptable or unacceptable is it to you?

Acceptability of the proposed plan: non-household customers

What motivated non-household customers to say that the plan *was* acceptable?

Non-household customers who believed the plan to be acceptable, most commonly did so because they felt it was environmentally friendly (6), would make large improvements to things (4) and it would be good for future generations (4). This is in-line with AAT1, where the top three motivations were the plan being good for future generations (8), the plan making big improvements (6), and being environmentally friendly (6).



Base: NHH respondents stating the plan is acceptable (13) Post-task Q3b You said that the proposed business plan is acceptable...Why do you say that?

Acceptability of the proposed plan: non-household customers

What motivated non-household customers to say that the plan *was not* acceptable?

Four of the eight non-household customers who believed the plan to be unacceptable felt the plan was too expensive, and three felt that United Utilities should pay for more of the service improvements out of their profits. In AAT1 the top motivation was feeling United Utilities should pay for more of the service improvements out of profits (4), while there was only one mention of the plan being too expensive.



Base: HH respondents stating the plan is not acceptable (8) Post-task Q3a You said that the proposed business plan is not acceptable...Why do you say that?

Reactions to the plan: non-household customers

How did non-household customers react to the plan?

Generally, non-household customers shared many of the same opinions and concerns as household customers – with priorities focusing primarily on addressing leakage and sewer overflows as quickly as possible. Micro businesses in particular tended to mirror the outlook of household customers, but with some more stringent views around the pace of change and improvement required. Larger businesses tended to have more understanding of the operational challenges United Utilities could face in implementing its plan – but as with household and micro business, customers felt that (more) action to address key issues around leakage and the sewer network should already have taken place before now.

Positives



The majority felt as though the proposed plan focused on the right things i.e., leakage, sewer overflows, better oversight of network weaknesses etc.

The majority trusted United Utilities to deliver on all or some of its targets – with no particular difference in outlook between different size and type of business.



“It covers the right things... it’s up to them to do it.”
Large business

“Leakage is the priority for me... and they’re taking action.”
Medium business

“They’re saying they’ll make lots of improvements; the proof will be in the pudding, but if they do it it’s great isn’t it.”
Micro, Trafford

Negatives



A minority of non-household customers were unhappy with the overall plan, with particular concerns and criticism around the (lack of) consideration / mention of support and help for business, and a feeling that the plan didn’t go far enough in certain areas.

Among micro businesses in particular, there was concern that the investment attached to different parts of the plan didn’t appear proportionate – with many expecting or hoping for more investment to tackle clean water pipe infrastructure, and potentially less provided in affordability support.



“It doesn't really affect my business but it says they’re providing £500 million support for families struggling to pay but it doesn't mention anything about businesses struggling to pay.”
Micro, Trafford

“They should really have the ambition to think we’re going to get leakage to near zero, a 24% reduction against a very high existing number isn’t that good.”
Medium business

Business plan targets: water leakage

This was a high-importance issue for United Utilities' customers, especially those in Liverpool where leakage was a concern for a significant number.

Leakage feeds into competing concerns surrounding wastefulness, ecology, and the responsible use of bill payers' money and for these reasons customers were pleased to see this issue addressed in the plan. However, many wanted to see a larger improvement than the 24% target and a more substantial investment in new infrastructure - £150m was considered to be nowhere near enough.

"124 litres of water a day is a lot to lose... there must be leaks that they could fix quicker."

Vulnerable, Greater Manchester

"It's not acceptable but it's alright...we want less leakage but if we can't get that..."

FBP, Manchester

"I just think the crux of so many of the problems is the leakage and the money that seems to be allocated to it just doesn't seem fit for purpose"

Household, Liverpool

"It's just if it's leaking all the time, and we know it's economic. Then the problems are just going to be exacerbated the more water losing and the more damage it's creating, ultimately."

Household, Liverpool

Reducing the amount of water leakage

Leaks can affect customers directly if their water supply is affected. They are sometimes unnoticed if underground. But leakage is often seen in the media and has a cost to people on their bills and a cost to the environment.



How does United Utilities say it will do this?

We are investing **£150m** in our pipes and pumps, including upgrading **695km** of water mains to reduce the chances of pipes leaking, interruptions to customers' supply or water quality issues.

We are also investing in improved leakage monitoring technology and smart water meters to help spot leaks on our network and customers homes and businesses early.

Vulnerable customers:

Vulnerable customers saw this as an important area of focus and were surprised at the amount of water lost through leakage. Many mentioned a lack of investment to date so were complimentary of the fact that U UW is updating and modernising the piping infrastructure. However, whilst they saw it as a step in the right direction, this group wanted to see more ambitious targets.

Future customers:

Future customers were also shocked by the amount of water being leaked and felt that the proposed improvement whilst sensible and achievable is not going far enough.

Water leakage target: customer feedback

How did household customers react to the target?

Consistently chosen as one of the most important issues addressed by the plan, this target dovetails with strong motivators for this audience around wastage, bills, and the environment. However, household customers wanted to see more ambitious targets set by United Utilities and felt that by addressing leakage United Utilities is also addressing interruptions and water quality.

What do they like about the target?



- It's addressing a high importance topic that triggers customers' aversion to waste, environmental damage and high bills
- Customers were surprised to see how much water is currently lost to leakage and were keen to see this fixed
- Upgrading pipes is expected to solve a number of problems i.e. interruptions and quality issues.

How would they like to see the target improved?

- A more ambitious plan in terms of the amount of money invested and length of pipes upgraded
- They'd like to see more information on where the improvements are planned and where they have been made as they happen over the five year period.

What concerns do they have about the target?



- Customers want to see more ambitious targets, some as ambitious as eliminating waste through a full and systematic update of the pipe network
- Both the £150m investment and the 695km of new pipes were thought to be dwarfed by the scale of the issue and the amount being invested in other areas.

"But I feel if that was one area that they went above and beyond the requirements, that would be so beneficial, because it would reduce the amount of carbon emissions, they would reduce the bill and would make it affordable, they wouldn't have to charge as much as they wouldn't be charging for water that we've been wasting."

Household, Liverpool

"120 litres per property does seem very high, considering we're saying that we want to get down to 110 per person. That seems like a hell of a lot of water."

Household, Lancaster

Water leakage: non-household customer feedback

How did NHH customers react to the target?

- Businesses struggled to comprehend the amount of water being lost, and felt that it should be a key priority for improvement. Although the headline of 24% reduction sounded impressive at face value, when viewed against current leakage figures, many felt that targets should be more stretching, and that United Utilities should be investing more.
- Micro businesses in particular were deeply unimpressed by United Utilities' current performance, and wanted to see considerable improvements. A number had also seen/experienced significant leaks in the local area over a number of years, and would judge progress by the speed with which they see leaks fixed in the future.
- Larger businesses were also surprised by the scale of the leakage issue, but were more likely to consider the reduction plans realistic and feasible – preferring a slow(er) and steady approach, ensuring that fixes were for the long-term and not just patchwork jobs to provide short-term 'wins'.

“£150 million over 5 years is just nowhere near enough, is it? That’s going to get swallowed up really quickly”

Micro, Trafford

“£150 million here against £3 billion investment for the sewage... Why don’t they take a chunk of that – and keep the affordability support at its current level – and really invest in this to get it fixed?”

Micro, Trafford

“124 litres of water lost per day? It’s incredible, it’s our most precious resource and they’re losing almost as much as we’re using. 94 litres is still a lot, but it’s a start... they should be aiming for zero though”

Medium business

“We’ve always had good supply, and not had any interruptions, so that has to be the main thing to continue. You’ll never get leakage to zero, they could maybe go a bit further, but they’ll have crunched the numbers I suppose.”

Large business

Business plan targets: supply interruptions

Water supply reliability is a basic expectation of water service providers and, on the whole, severe and unplanned water interruptions are rare. As such, while a performance improvement was welcomed, it was not typically seen as a priority for many.

For many, the metric used to measure improvement was hard to understand and as such, the target was deemed achievable.

“I thought their current performance was quite impressive but to bring it down to that, that’s even more impressive.”

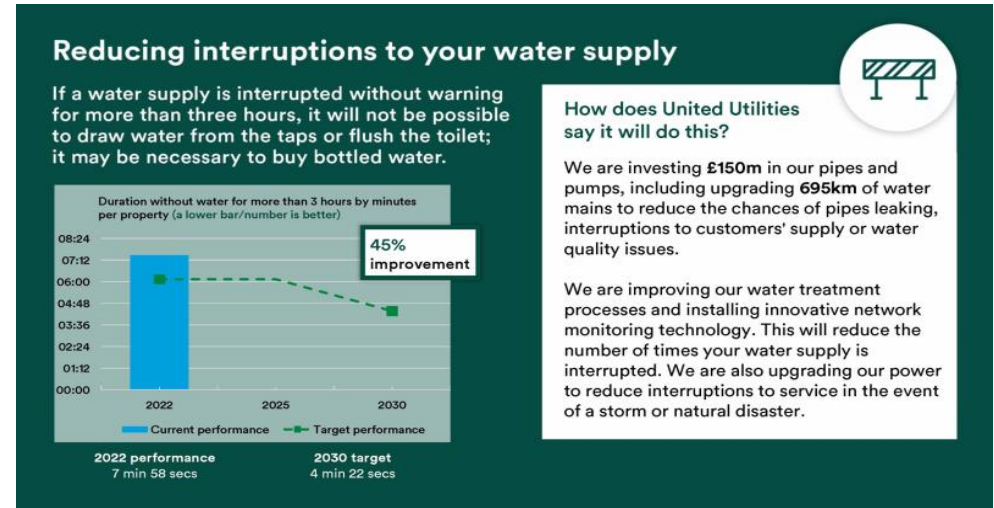
Vulnerable, Lancashire

“That figure is ridiculous. If it's three hours and seven minutes down to three hours and four minutes. No difference!”

Household, Lancaster

“Other companies have achieved that, I’m sure, so it shows it’s achievable”

FBP, Manchester



Vulnerable customers:

Vulnerable customers were generally accepting of the proposed target, especially when considering their own past experiences (or lack thereof) of issues with supply, which meant they were happy with the current performance in this area.

Future customers:

For about a third of future customers, this was the most important of the 10 service areas. They felt that the planned improvement is stretching enough and achievable and suggested that UU learn from other companies ranked higher.

Supply interruption target: customer feedback

How did household customers react to the target?

Supply reliability is a core customer expectation of United Utilities. However, supply interruptions are not thought to be common, especially unplanned interruptions of more than 3 hours. The measure itself was unintuitive to many, who believed that the figures underplayed the benefits that a 45% reduction would bring to those who may potentially experience a supply interruption.

What do they like about the target?



- Reliability of supply is a core expectation of United Utilities and a key aspect of customer satisfaction with service
- Customers recognised the importance of a reliable supply for vulnerable customers and businesses in particular

How would they like to see the target improved?

- They were happy with the proposed target.

What concerns do they have about the target?



- None, it was deemed to be achievable.
- It was difficult for many to picture what improvement an average decrease over 3 hours from 7 minutes 58 seconds to 4 minutes 22 seconds per household would bring to them

“It’s not a big deal maybe, if we’ve got the water off at home for three hours. However, if you’re a hospital that has no water for three hours, then you’re kind of in trouble. If you’re a business, a restaurant, and you have no water three hours you shut. If you’re a public building, and you can’t flush the toilets or provide drinking water, then I’m pretty sure the business has to shut. And actually schools have to shut and that’s having a significant impact on the whole community”

Household, Lancaster

Supply interruptions: non-household customer feedback

How did NHH customers react to the target?

- Although supply interruptions were seen as a significant risk factor for businesses – particularly those in service based and manufacturing sectors – current performance and proposed targets weren't seen as the top priority by many.
- The majority felt that improvements would be welcome, but should not come at the expense of other priorities.
- There were questions from some about whether the risk of supply interruptions was likely to be more localised, and whether some would be more at risk of longer or more frequent interruptions (for example, those in rural areas).
- On balance the majority felt that the target was reasonable, and a good basis for improvement.

“We’ve never had an issue with interruptions (fingers crossed)... If it happens to you, you want it fixed as quickly as possible, so it’s good they’re putting work into it.”

Small business

“It seems about right... They need to show improvement, and it doesn’t sound outrageous.”

Small business

“Are businesses prioritised? I know that you would prioritise vulnerable people. Because about home you can probably manage..”

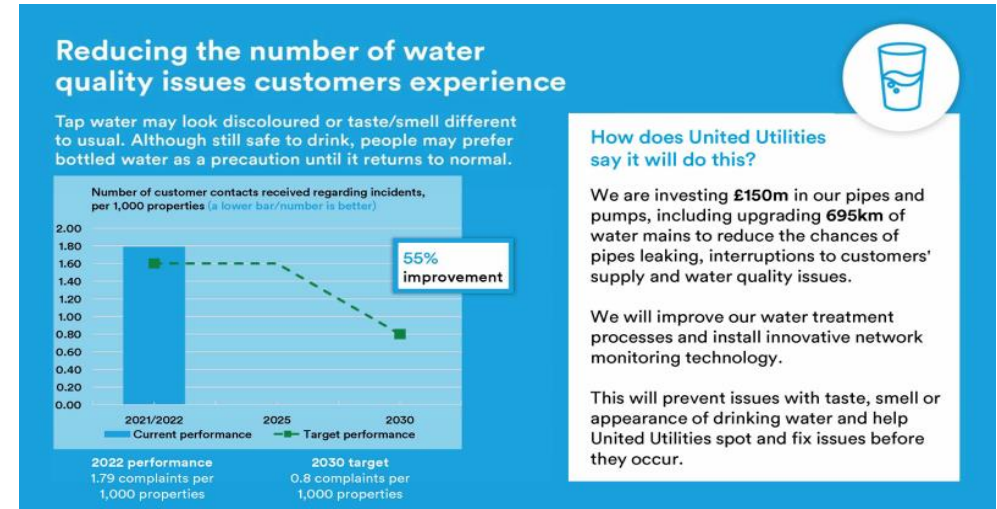
Micro, Trafford

Business plan targets: water quality

As with water supply reliability, providing safe, drinkable water is a core expectation of water service providers.

Whilst the majority were happy with their water quality, some (especially in Liverpool) experienced issues with metallic or chlorine tasting water.

The target of 55% improvement was recognised as one of the more ambitious included in the plan.



“One negative surprise for me was the position of United Utilities regarding water quality, which for me is the most important aspect and I do notice occasionally that there's something you can see on the surface of the water”

Household, Liverpool

“If you're planning on halving it then that's a good target.”

Household, Liverpool

“It's fine. I just have never had an issue with that anyway, so I don't think it needs to improve that much, to be honest”

Vulnerable, Lancashire

“I think it'd be better if you had a properly objective measure rather than subjective measure of how many people bother to ring up and complain about the taste of the water.”

Household, Lancaster

Vulnerable customers:

Vulnerable customers were reflective of their own positive experiences with water quality in the region and were largely surprised that there are currently so many complaints. As a result, they felt that 55% is a fairly high target and believed that time and money would perhaps be better focused elsewhere.

Future customers:

Nearly all FBPs felt that this target was too ambitious, especially given that increased bills could raise service expectations further and given that the decision to complain is quite subjective and hence difficult to predict.

Water quality target: Customer feedback

How did household customers react to the target?

More customers had experienced issues with their water quality than in AAT1 and it was seen as a bigger priority than in AAT1 too. The main complaints were issues with the taste of the water – chlorine/metallic tasting. For the majority, however, the standard of their water was good and they couldn't understand how United Utilities was ranked 16th/17. Given U UW's ranking, most could see the need for 55% improvement.

What do they like about the target?



- As with supply reliability, customers expect United Utilities to provide clean, drinkable water and were pleased to see targets addressing this
- In particular, those who stated recent quality issues with their water supply were likely to support this
- The target of 55% reduction in contacts felt like a reasonable improvement to many

How would they like to see the target improved?

- Some came up with suggestions for reducing complaints, including always notifying customers about water quality issues.
- No specific suggestions around improving the target were made

What concerns do they have about the target?



- Some future customers had concerns about it being met

“If the bills are going up and the quality is not improved, then more people are likely to complain, so it could go the other way”

FBP, Manchester

What other thoughts did customers have?

- Some said that their teenagers refuse to drink tap water and feel more should be done to reassure young people that tap water is safe to drink.
- Customers would prefer a measure of quality that doesn't rely on customer complaints, which some felt was too subjective.

Water quality: non-household customer feedback

How did NHH customers react to the target?

- In the main, NHH views mirror those of household customers.
- There was an element of surprise that United Utilities is performing below target in this area, with most considering the quality of their water to be superior to other areas.
- A few questioned whether there were other measures on actual water quality, rather than perceived issues – suggesting a degree of uncertainty in the relevance of the measurement.
- Many also felt that improved water quality would be a by-product of other improvements (e.g. in leakage), and that the target should be achievable.

“I was really surprised about how low down on that ranking there were in terms of calls about water quality. I think we almost pride ourselves, particularly in the North West that we've got really good water. So I was really surprised by that. And that kind of made me think that perhaps it isn't consistent, and not everybody's getting the service that they should be doing.”

Micro, Trafford

“Just shocked by that because I thought the water was really good so the fact that they are 16 or 17. And they're not meeting the target..”

Micro, Trafford

“It doesn't sound great, but if I'm reading it right this is people contacting United Utilities about it? I don't know how much you can do about it... people love to moan.”

Medium business

Business plan targets: reducing the number of pollution incidents

This was overwhelmingly the most important issue across both householder sessions.

Widespread media coverage of sewage discharges into waterways has heightened the importance of preventing pollution incidents in customers' minds.

"I saw all over Facebook what people were saying about Morecambe beach and how they were literally swimming in the sea with the faeces in the water"

Household, Lancaster

"I grew up in Blackpool in the 80s and 90s and you couldn't swim in the sea because it wasn't a Blue Flag beach...this is like 40 years later in an advanced and wealthy European country and it's going backwards."

Household, Liverpool

"It was on the news the other day that the English Decathlon team can't train because there's so much sewerage. And that's going to put them at a disadvantage in comparison to their European counterparts."

Household, Liverpool

"Pollution...it's always on the news. And it's getting bad press about it. There's a guy who's taking 8 of them to court...They've just been putting it into the rivers. And United Utilities is one of them as well."

Household, Liverpool

"Like watching the news, basically, we're all fed by that and ultimately read the papers and the sewerage thing is on there. But then that feeds into other things because like the pollution is not just people can't swim, you know, there's animals in there and stuff"

Household, Liverpool

Business plan targets: reducing the number of pollution incidents

Pollution was singled out with leakage as the top issues for United Utilities to tackle and whilst United Utilities are ranked the top WaSC in this area and their planned investment is deemed impressive, many customers still felt they weren't going far enough.

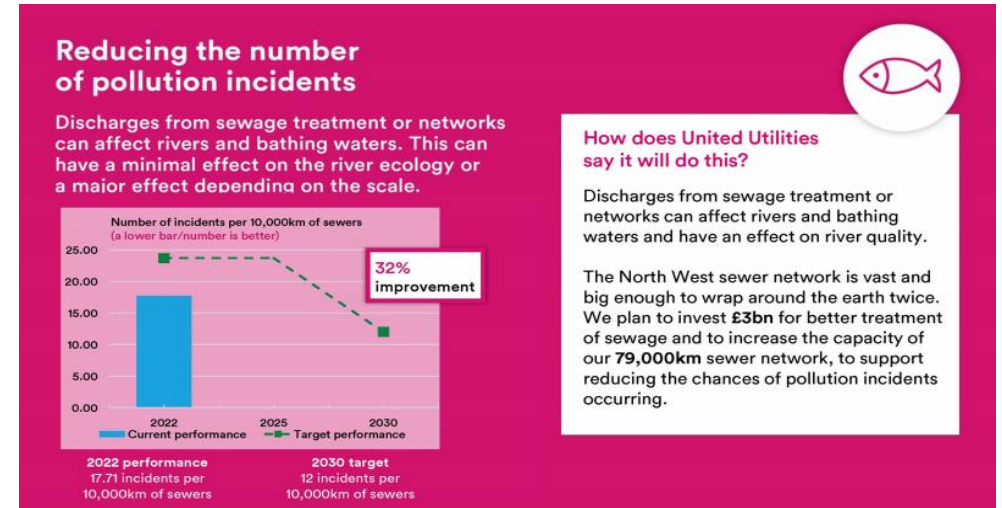
"This is a really important target, and I think £3billion should cover it. 32% is acceptable for now as long as they then carry on reducing it."

Vulnerable, Cumbria

"I think you can safely say this is not ambitious enough. By far."

Household, Lancaster

"I think it's an achievable target for them because they're already below the original target quite a bit...although they were saying that with climate change there will be more flooding incidents and if there's more rainfall, then that's why they discharge sewage..." **FBP, Manchester**



Vulnerable customers:

This was an issue of high importance amongst those in the vulnerable category as many make use of public bodies of water for recreational purposes. They were impressed with the level of investment set out in the plan, as well as current performance but would like to see this momentum and improvement continue in the longer-term.

Future customers:

Future customers were confident that UU can meet this target given they are the top performing WaSC and given the £3bn investment. However, some questioned whether UU are going far enough.

Pollution target: customer feedback

How did household customers react to the target?

The issue of waterway pollution by water companies has been regularly in the news over the last few months and was high profile at the time of the research. As such, the perceived importance of this issue was high and customers greatly valued United Utilities' inclusion of the target in the plan. Customers view the £3bn investment as a positive sign of intent, but a target of 32% improvement was lower than they expected given the importance of the issue and the proposed spend by United Utilities.

What do they like about the target?



- A very important issue that is high in the public consciousness right now
- Investment is needed and worthwhile
- The scale of the investment (£3bn) indicates that United Utilities is prioritising resources to this area

How would they like to see the target improved?

- A large enough target that communicates that United Utilities is serious about *eliminating* this issue rather than simply chipping away at it

What concerns do they have about the target?



- The overall scale of the target (32%), in contrast to the size of the investment, was thought to be low, given how pressing this issue is felt to be

"It's not a good measure anyway. Are they tackling the tiny incidents or the big ones?"

Household, Lancaster

What other thoughts did customers have?

- Several customers questioned whether the sea was included as it was not mentioned in the description.
- Although UU is ranked first, many felt it was still not good enough
- Enhance the measure to address the scale of the damage caused by incident of difference severities
- The target treats all incidents as equally damaging, which may encourage water service providers to neglect more significant or incidents.

Pollution incidents: non-household customer feedback

How did NHH customers react to the target?

- Non-household customer views tended to mirror those of household customers; with many considering it a matter of top priority (alongside leakage)
- However, the prioritisation largely came from a personal perspective, rather than business. Day-to-day pollution incidents weren't considered to be a significant factor in business operations, but when placed in the context of environmental benefits, many felt that United Utilities (and all other water companies) should be focusing their efforts into improving performance
- Despite the importance attached, there was some surprise at the level of investment attached to this area of the business plan, especially when factoring in United Utilities' current performance in this area.

"I know I'm not very good at maths but they seem to be targeting the money that's not needed. Because they're performing well in this... so why are they putting the 3 billion to it? Why didn't they put the 3 billion in the pipes?"

Micro, Trafford

"It's a good level of improvement, but they should be looking to eliminate it however they can."

Medium business

"I do like the idea for that one... obviously, it does affect animals and it's a bigger effect on the North West than just drinking water and I can see the sustainability side comes into that more..."

Micro, Trafford

"You can't get away from it as an issue, I know we're not talking about Thames Water here, but when you see that it makes your heart sink, so United Utilities have to get on top of it as well."

Medium business

Business plan targets: reducing the number of properties affected by sewer flooding

Seen as an acute but rare situation, customers were happy to see action taken to combat sewer flooding, but often attributed the problem to a lack of public education and/or geographic factors outside of United Utilities' control.

However, some questioned whether with United Utilities' current performance, a growing population and climate change, these targets would be achievable:

"I think it [internal target] needs to be a bigger improvement just because of the amount of grief it causes. I think it should be at least 50% if the others are."

FBP, Manchester

"[Internal] For the timescale, I think 31% is good enough. I think the approach is alright. They are trying to bring it down quite a lot."

Vulnerable, Merseyside

"Climate change and flooding, especially in coastal regions is now happening more regularly, you know. A whole village is going to be flooded, you know, everywhere. So, this will be a big issue more and more."

Household, Liverpool

Reducing the number of properties affected by sewer flooding inside their property

An escape of sewage inside properties is highly inconvenient, disruptive and a potential health risk. In bad cases, people need to move out of their properties while things are put right.



How does United Utilities say it will do this?

We know having your property flooded with sewer flooding is unacceptable.

We are investing to:

- Increase our sewer capacity and upgrading sewers so they are stronger and can hold more water and waste
- Deliver sustainable drainage solutions, as less rainfall entering sewers reduces the likelihood of them overflowing
- Install improved monitoring technology to identify and fix problems before they occur.



Reducing the number of properties affected by sewer flooding outside their property

An escape of sewage into gardens or access points to people's properties is inconvenient and unpleasant and can restrict access.



How does United Utilities say it will do this?

We know having your garden and other outside areas flooded with sewer flooding is unacceptable.

We are investing to:

- Increase our sewer capacity and upgrading sewers so they are stronger and can hold more water and waste
- Deliver sustainable drainage solutions, as less rainfall entering sewers reduces the likelihood of them overflowing
- Install improved monitoring technology to identify and fix problems before they occur.



Sewer flooding targets (inside and outside): customer feedback

How did household customers react to the target?

Customers recognised this issue as one that causes deep inconvenience to those affected, and the perception of how important these (inside and outside flooding) were as a target was, to a large extent, driven by this perception. However, contrary to other areas of the plan, customers were much more likely to see sewer flooding as beholden to the weather and geography of the region, and down to the behaviour of customers rather than United Utilities' own actions.

What do they like about the target?



- Strong empathy for those affected by sewer flooding and how unpleasant and upsetting it must be for them – making this a welcome part of the business plan

How would they like to see the target improved?

- Customers would like to see additional targets relating to education about what not to flush included in the plan
- Some questioned the need for internal and external targets

What concerns do they have about the target?



- Some concerns around achievability given climate change and a growing population and United Utilities' current ranking for internal sewer flooding.

"I'm kind of surprised that they have separated inside and out. I mean, in reality, if it happened to me, yeah, it's gonna make a big difference. But in terms of what causes it, surely it's the same thing."

Household, Lancaster

What other thoughts did customers have?

- An acknowledgement that pipe upgrades alone cannot solve the issue, with personal responsibility and education about what can and cannot be flushed down toilets/drains an equally important step
- Often a result of weather/geography, outside of United Utilities' control

Sewer flooding (inside/outside): non-household customer feedback

How did NHH customers react to the target?

- While there was an understanding of the importance of the issue for those experiencing such an issue (particularly internally), the majority didn't consider it a top priority;
- Most understood that the numbers affected were (relatively) low, and there wasn't seen to be significant difference in performance between the best and worst performing companies.
- The majority felt that improvements in this area would come as a natural result of other investments, and some felt that the onus should be as much on customers as United Utilities.

"It's not much difference is 2.97 to 2.06. It's still just two people in 10,000 households."

Micro, Trafford

"They've got a target, and as far as I'm concerned they should be hitting it. They've got the investment in this area so go and do it."

Micro, Trafford

"If people are throwing god knows what down their drains, how much can United Utilities do about that?"

Small business

"You just hope it never happens to you, and so far it hasn't! I'd take my chances between 2.97 and 2.06, but if or when it happens to you, you're in trouble!"

Medium business

Business plan targets: smart metering

Whilst some customers could see the benefits of smart meters (generally those metered), the target of 900,000 was felt to be too high amongst metered and unmetered customers, with many assuming that if it was reduced, the saving could be allocated elsewhere.

Some (both metered and unmetered) had concerns that smart metering would negatively impact vulnerable customers, making them reduce their usage too much and those opposed to metering per se were concerned this would be forced upon them.

“If you cut back like 900,000 smart meters and put it into your affordability support, you could then put that bracket up”. **FBP, Manchester**

“I think it’s a good idea. It makes a difference when you can see how much you’re using.”

Vulnerable, Greater Manchester

“Don’t introduce them or don’t order 900,000 because that’ll cost a lot to roll out. That money could be invested in other areas”

Household, Liverpool

Smart metering

Smart meters are water meters that give both you and United Utilities a live and accurate read-out of a property’s water usage. This means you can see how much water you’ve been using, which can help customers to reduce their usage and lower bills. Currently, no customer properties have smart water meters.



900,000

new smart meters
in homes and
businesses

Target for 2030

Please note: Switching to a measured bill is completely optional for households.



How does United Utilities say it will do this?

We are investing in replacing current meters with smart meters which can be remotely read. This enables homes and businesses to have greater visibility of their usage data, leading to reduced usage and reduced bills.

Smart meters also help us detect leakage in the network, and proactively detect other network issues so they can be prevented before customers experience them. All of this contributes to reducing water wastage and protecting the environment and our natural resources.

Vulnerable customers:

Smart meters divided opinion amongst the group. Some thought that this is a great idea as it allows you to be more aware of your consumption, whereas others thought that, in practice, it would make very little difference to behaviours and usage. That is to say, after seeing the bill impact, it was agreed by most that this should not be an area of focus.

Future customers:

Future bill payers were not enthused by smart meters. They felt that the planned investment in this area could be better invested elsewhere.

Smart metering target: customer feedback

How did household customers react to the target?

The target of offering optional free installation of 900,000 smart meters before 2030 was deemed too high by around half of customers (a mix of metered and unmetered) with the prevailing thought being that smart meter installation was generally a lower priority than other key areas (particularly leakage and pollution). Although some connected installation of smart meters with the potential for lower leakage, the target number was still thought to be too high by many.

What do they like about the target?



- It is providing a free tool that can help save money
- Especially popular with those who are looking to save on water usage, those who use less water, and those already on a meter
- Some found it interesting/positive that it could help identify leaks in the water network

How would they like to see the target improved?

- Around half would prefer to see the target reduced.

What concerns do they have about the target?



- Question about the cost of the delivery of 900,000 meters, and the rationale for the target number (why does it need to be so high?)
- A number questioned how it may impact older and financially vulnerable people i.e. they may become too scared to use water
- Some questioned the cost of keeping them plugged in
- A minority were concerned that they could go wrong and end up costing them more.

What other thoughts did customers have?

- A few were uneasy about the prospect of smart meters (both for water and in more general terms), and felt that United Utilities might be imposing an untested system on customers without being sure if it would have any benefit for them

Smart metering: non-household customer feedback

How did NHH customers react to the target?

- A majority were in favour of smart metering and the associated target, but some concerns – especially among micro businesses - were raised.
- Of those in support of smart metering, a key benefit was enhanced leak detection, alongside a better toolkit for businesses and households to monitor their water usage.
- Medium and large businesses were in favour of smart metering from a business perspective, and could see the benefits for themselves (better monitoring of usage) and United Utilities (enhanced leak detection); but some did raise concerns about potential issues for household customers around self-imposed or company-imposed restrictions on usage
- Micro businesses tended to have similar concerns to household customers, in particular in relation to the target number and how the target number had been arrived at. However, some also felt smart meters for water were overdue.

“I’m just not a massive fan of smart metering from the energy side, so I wouldn’t be racing to get one, but I accept that’s the way things are going.”

Small business

“Metering works for us on the energy side, so it’d be good to have that for water as well.”

Medium business

“Why haven’t they done this before? It’s not new technology, they need to catch up.”

Micro, Trafford

“I can’t see how that’s going to benefit everybody in the community - businesses and people.”

Micro, Trafford

“It does help, you can see what you’re using... After a while you don’t really notice it, but when you first get one it really helps change your behaviour.”

Micro, Trafford

Business plan targets: halving the chance of a hosepipe ban

Alongside smart meters, this was felt to be the least important of the ten service targets.

Customers had not experienced a hosepipe ban recently and, where they perceived they had, they felt that it had not affected them greatly.

“Hosepipe bans are not the end of the world. Is that just me?”

Household, Liverpool

“I’m not too bothered about this, to be honest. I haven’t got a garden so it doesn’t bother me, but people don’t listen to them anyway.”

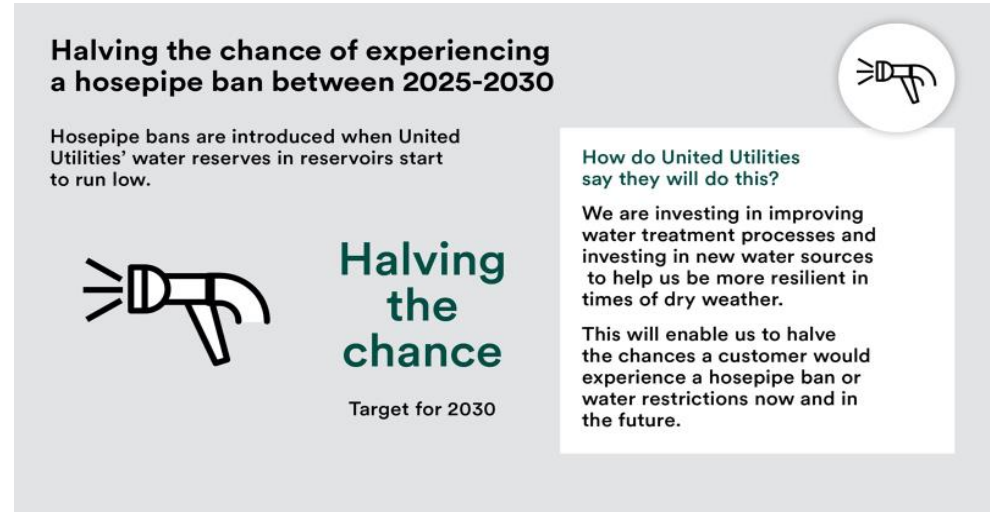
Vulnerable, Merseyside

“My dad would be gutted for the flowers, but personally, I wouldn’t be devastated”

FBP, Manchester


“I feel like I don’t really have an opinion on it, because I don’t own one so it doesn’t make a difference”

FBP, Manchester



Halving the chance of experiencing a hosepipe ban between 2025-2030

Hosepipe bans are introduced when United Utilities’ water reserves in reservoirs start to run low.



Halving the chance

Target for 2030

How do United Utilities say they will do this?

We are investing in improving water treatment processes and investing in new water sources to help us be more resilient in times of dry weather.

This will enable us to halve the chances a customer would experience a hosepipe ban or water restrictions now and in the future.

Vulnerable customers:

Vulnerable customers commented that they place very little importance on this area of concern. Many have not experienced hosepipe bans themselves, and those that had said that it had very little impact on them.

Future customers:

Most future customers were not bothered about this target. A minority made the link with making the NW drought resilient but most referred to a lack of personal relevance i.e. they don’t own/use a hosepipe. A couple said their parents may think differently and 1-2 animal owners talked about how a ban could impact their pets.

Hosepipe ban target: customer feedback

How did household customers react to the target?

Consistently chosen as one of the least important aspects of the plan, many had not experienced a ban in the past and were not anxious about doing so in the future.

What do they like about the U UW target?



- There do not seem to be many inherent downsides to the target
- While not explicitly related by customers to the issue of hosepipe bans, the wider issue of water resilience was viewed as an important aspect of United Utilities' longer-term plan

How would they like to see the U UW target improved?

- None

What concerns do they have about the U UW target?



- While few customers raised few concerns, this was felt to be much less important than the other targets

What other thoughts did customers have?

- Some questioned whether excess water usage could be tackled in another way e.g. tariffs which charge more when customers hit a certain level of usage.

Hosepipe bans: non-household customer feedback

How did NHH customers react to the target?

- This was a low priority for non-household customers, who couldn't see the benefit to them or their business.
- Some felt that it was a target that United Utilities were planning on setting to ensure good performance.

"There's not been a hosepipe ban in 13 years anyway!
It just feels like they're saying it because they know
they can do it and they'll get a pat on the back."

Micro, Trafford

"It just doesn't impact us as a
business. Given where we are in the
country we shouldn't be having
hosepipe bans anyway... If they sort
the leakage there's no need for a
hosepipe ban ever again, and we
could start selling what we have to
the south east and give us lower
bills!"

Medium business

"It wouldn't affect us anyway, so no it's
not a priority really."

Large business

Business plan targets: carbon reduction

Customers generally valued commitments to reduce greenhouse gas emissions, although some felt that other service areas were more pressing.

Despite a level of unclarity about U UW’s baseline position, customers viewed a 42% reduction as an acceptable movement in the right direction and a fair return on the investment.

“At face value, I think if you can get that kind of a reduction for that kind of price...I think that's pretty good. But I don't know what the reality of it would be. But looking at it for me, what was that eight years...42% reduction for £200 million.”

Household, Liverpool

“I'd love to know what percentage is to date, from the 2019-2020 reduction, like what we've got to within this, so have we got quite a big hill to climb or are we kind of in the middle ground.”

Household, Lancaster

I think it’s a nice to have, and reduce where you can. Other issues to sort out first, because almost like the whole global warming thing if we sort out our water supply it will have less impact on the whole thing.

Household, Liverpool

Carbon reduction to reduce the impact of our service on the environment

This relates to the greenhouse gas emissions released by United Utilities in the process of providing its services.

42%
reduction

Target for 2030*

The main sources of our emissions come from the energy and chemicals needed to move and treat huge volumes of water and wastewater and operational processes involved in treating the organic matter in sewage to make it safe to recycle back to the environment.

*Target refers to % reduction from a 2019/20 baseline figure.



How do United Utilities say they will do this?

A £195m programme of investment to lower emissions, for example by improving processes to treat water and sewage, moving away from fossil fuels and increasing our renewable energy.

We will also work in partnership to create woodland by completing our programme to plant a million trees and ensure peatland and ecosystems are restored to protect the environment.

Vulnerable customers:

Those who are health or financially vulnerable were largely impressed by the targets U UW has set itself for carbon reduction. Some would like to see a higher reduction, but, on the whole, they viewed this as a great step in the right direction.

Future customers:

There was more enthusiasm for this PC amongst future customers than current customers. They felt that the target was more achievable than the 2050 target of net zero, but still questioned how it was going to be achieved.

Carbon reduction target: customer feedback

How did household customers react to the target?

Customers recognise the danger climate change presents to them and the North West. They expect action from large organisations to reduce carbon emissions and see this target as a core part of United Utilities' sustainability responsibilities. However, they would like to see more detail about how bad a polluter United Utilities currently is and the impact of the 42% target.

What do they like about the U UW target?



- Climate change is a pressing issue and customers want to see United Utilities making bold changes
- A commitment to reduce emissions by 42% is felt to be fitting for an organisation the size of United Utilities
- Some noted that the newly planted trees may have a positive impact on flooding

How would they like to see the U UW target improved?

- None

What concerns do they have about the U UW target?



- Some scepticism about whether this figure is achievable

What other thoughts did customers have?

- Many are uncertain about how and when United Utilities produces carbon emissions
- Very little detail in the target, especially about how much greenhouse gas United Utilities currently produces and how that compares to other organisations
- This makes it hard to judge how ambitious it is

Carbon reduction: non-household customer feedback

How did NHH customers react to the target?

- The majority considered the carbon reduction target as both important and stretching.
- There were questions about how the target would be achieved (and the level of offsetting required), and what progress had already been made against the 2019/20 benchmark
- Larger businesses in particular were able to understand the need for United Utilities to take action in this area, and felt it was a familiar aspect of business planning

“What level of improvement have they got to so far? It sounds great, but if they’re already half way there or better, it’s not quite the same thing is it?”

Micro, Trafford

“I would expect them to be doing it... Aren’t all businesses having to do this?”

Micro, Trafford

“There’s a real balance to be struck, there’s things that they can and should do now, but it’s also likely that costs for these things will come down substantially over the next 10-15 years. We should all be trying to do things now, but it’s maybe not such a big benefit to try and do it all now.”

Large business

“Best of luck to them! We’re all having to do it and think about it... It takes a lot of time, investment and monitoring, but they’re big enough that they should be able to incorporate it into what they do.”

Medium business

Business plan targets: affordability support

Typically, customers welcomed the increased affordability support package for vulnerable customers.

The target of £500m was thought adequate by most, although some felt that in an economy of high inflation this still may not be sufficient come 2030.

Some questioned why it should be other bill-payers funding this support.

“You've been taxed twice on this because you pay your taxes for people to have benefits, which I'm not against, but like if companies start doing that, do you think it's quite dangerous precedent. You know, we're all paying tax”

FBP, Manchester

“If their profits are doubling, then it makes sense that what they're giving back to support people should almost double as well.”

FBP, Manchester

“I think it's good. You just kind of wonder where the money's coming from, don't you?”


Vulnerable, Cumbria

“I mean, affordability support, I think that whilst we might have said we can afford our bills, there's a lot of people that aren't in that situation.”

Household, Liverpool

Affordability support



Under the proposed plan, United Utilities would assign £500m towards a fund for struggling bill payers.



How do United Utilities say they will do this?

We are investing to ensure there is a support package of £500m to provide discounted bills to customers who are struggling to pay for their water.

This is the largest support package of any water company.

 £250 million	 £500 million
Performance in 2021/22	Target for 2030

Vulnerable customers:

Vulnerable customers were often very positive about the affordability support offered, commending United Utilities' commitment to helping those in need. There was, however, concern about how this will be funded, with many looking for more context and clarity.

Future customers:

Whilst future customers weren't against people receiving support, around half felt that either the government should be responsible or United Utilities should pay more towards this out of its profits.

Affordability support target: customer feedback

How did household customers react to the target?

Overall, a positive move that will benefit the most vulnerable at a time of increasing financial insecurity. Doubling the pot available for support was seen as both acceptable and notable for most, although some feared that even this increase would not be enough to tackle households' financial pressures.

What do they like about the U UW target?



- Seen as a positive move to help the most vulnerable
- For those struggling with bills, this would make them more affordable
- The doubling of support was, typically, taken to be both an acceptable and notable increase in United Utilities' ability to support its most vulnerable customers

How would they like to see the U UW target improved?

- Clarity around who would qualify for support
- Less burden placed on bill-payers as a result of the increases
- A higher contribution from U UW and/or its shareholders

What concerns do they have about the U UW target?



- With high inflation increasing the cost of bills and the number of people requiring support, a minority worried that the target figure would not be enough

What other thoughts did customers have?

- Several future customers felt that this should be the government's responsibility and the onus should definitely not be on customers to subsidise financial support

Affordability support: non-household customer feedback

How did NHH customers react to the target?

- Although businesses were largely supportive, there were some concerns and questions around the support (if any) available to businesses, and whether there had been any consideration of increasing other budgets to help a greater number of people in respect of improved supply, fewer pollution incidents etc.

“There should absolutely be support for people who are struggling, it’s nice to see them doing the right thing.”

Medium business

“That £500 million affects a minority and it's voluntary. Why on earth? To me it’s paying lip service, ‘oh look what we're doing’. Why isn't that £500 million being added to that figure [£150m] and then we'd all be sat there thinking oh, yeah, that's really brilliant start and it’s helping everyone.”

Micro, Trafford

“£500 million? How much of that is for businesses?”

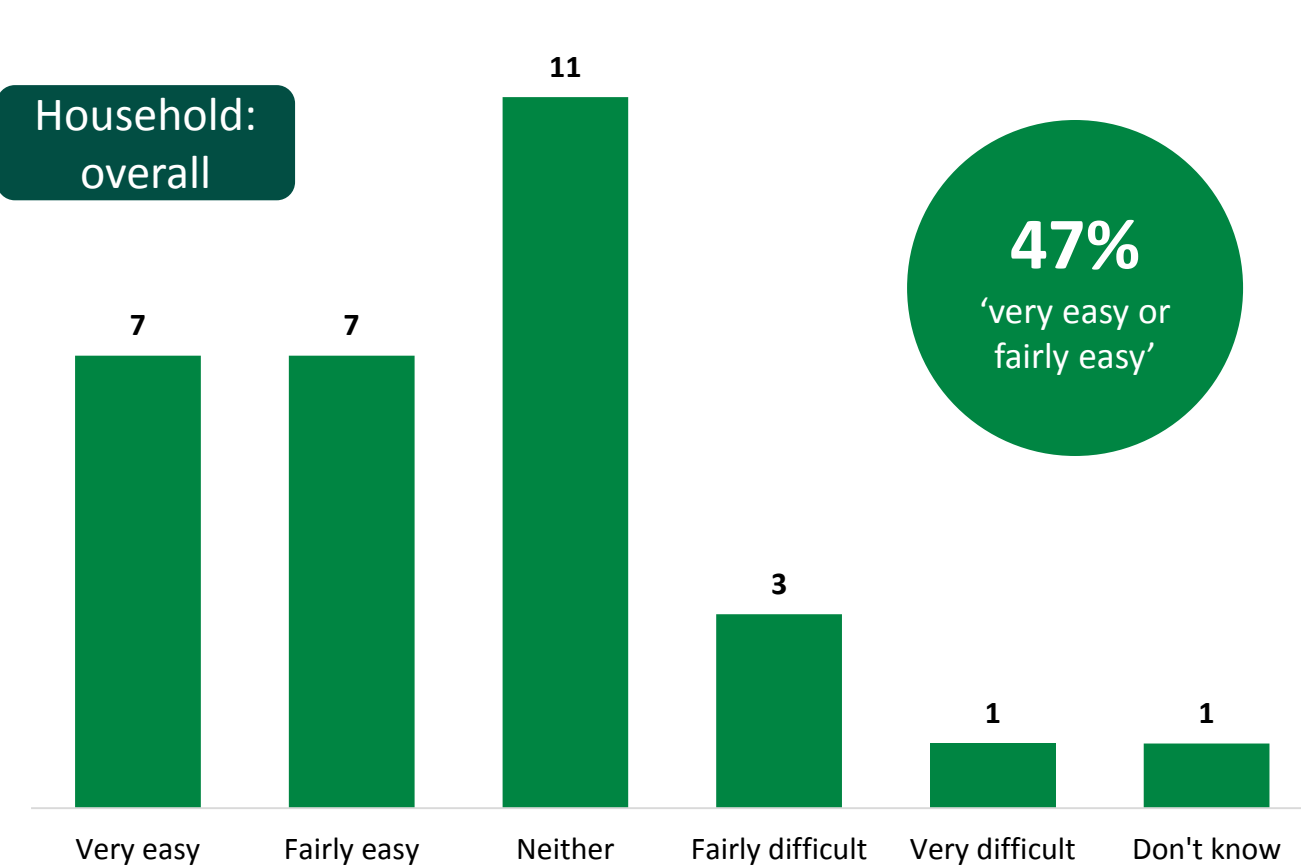
Micro, Trafford

Affordability

Affordability of the proposed plan: household customers

How affordable do household customers think the proposed plan is?

When looking at household customers independently, whilst a proportion of customers (**14**) considered the proposed plan to be very or fairly easy to afford, a similar number of customers (**16**) were either unsure or said they would find the plan fairly or very difficult to afford. This is in-line with AAT1 where 50% found the plan easy to afford.



"I don't think that it's acceptable for our bills to rise by maybe £270 a year by 2030. For a single person household when profits like that had been handed out historically, and they were handed out as recently as well, four months ago, by somebody...just because everything is going up does not make this acceptable."

Household, Liverpool

"Why is it being passed on to us? If it was the optional stuff, like yeah, that's fair enough. But it's literally mandated."

FBP, Manchester

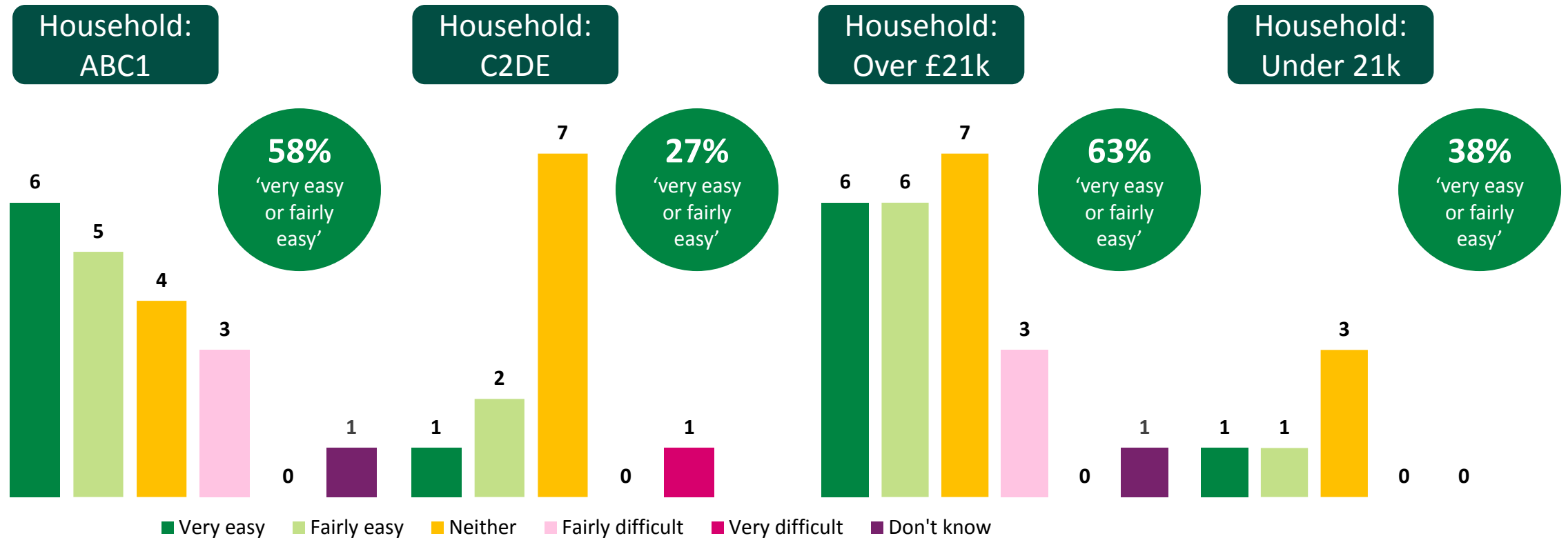
Note: where available, household customers were presented with a bill predictions based on a personalised water bill (provided by United Utilities).

Q01. Thinking about how your income may change in the future, how easy or difficult do you think it would be for you to afford these water and sewerage bills? **Base:** All HH respondents from the qualitative phase (30)

Affordability of the proposed plan: household customers

How do household views of affordability differ by socio-economic group (SEG)?

When customers are split by socio-economic group, key differences in terms of the affordability of the proposed plan emerge. Customers from socio-economic groups C2DE were less likely than ABC1 to say that they would find the proposed plan 'very easy' or 'fairly easy to afford' (**C2DE 27% cf. ABC1 58%**).



Base: All HH respondents (30) ABC1 (19) C2DE (11) Post-task Q1 Thinking about how your income may change in the future, how easy or difficult do you think it would be for you to afford these water and sewerage bills?

Positive views of affordability: household customers

What makes the plan feel affordable?

For most, water bills currently much lower than other household bills (gas & electric)

Accepting that improvements need to be paid for (if delivered and burden shared)

Phased increase and ability to budget

Overall, most customers felt that while the increase in their water bill (including projected inflation) would be noticeable, it would not be unaffordable to them. This was often due to the fact that water bills themselves are seen as a much smaller part of household bills than other essential utilities such as gas and electricity.

Customers reluctantly accepted that bills have to rise to cover service improvements, although many would like to see United Utilities and its shareholders picking up a larger portion of the cost (see next slide).

Having access to the planned roll-out of bill increases was thought to help customers plan a little better.

Crucially, perceptions of affordability were often tied to the condition that the promised work was fully delivered and that they were able to see tangible results across that time for their investment.

“We just accept it, as you say, and next minute, you're paying it and you get used to paying. It does become a way of life. And you can't challenge it because there's only one supplier, you can't go anywhere else. So you've just got to accept it.”

Household, Liverpool

“Depends on the circumstances, because somebody like me might be fine, but if you've got a big family and the implications.”

Household, Liverpool

“Crazy high, especially when a lot of the targets that they are doing, they are having to do. So brilliant, that they're able to make some more changes. But essentially, you'll be getting the same thing but paying £300 more a year, which just seems crazy.”

FBP, Manchester

Negative views of affordability: household customers

What makes the plan feel unaffordable?

The increase is a notable jump

Unpredictability of inflation

Other rising bills

Moral concerns about investment and profitmaking

Scepticism over delivery

While for most customers the proposed bill increases were technically affordable in isolation, for many, these increases formed part of an ecosystem of rising household bills that concerned them greatly, especially when uncertainty around future inflation was factored in and some blamed the government rather than United Utilities for the rise.

Future customers, in particular, were concerned about the bill projections and whether they'd be able to afford them in years to come.

There was also a view amongst mainly household customers that they, as bill payers, were being asked to foot a bill to cover necessary investment that protects United Utilities' profitability and shareholder dividends. Where people held this concern, they also expected most or all of the cost of implementing the plan's improvements to be covered from shareholders and/or profits.

"Political decisions, these are decisions that have had terrible consequences on the economy & doesn't seem to be coming to an end...Inflation, the cost of living are out of our control"

Household, Liverpool

"The figures creep up. I know if I can show my wife she'd go, bloody hell, that's gone up. But it's not like she wouldn't really get annoyed about things, you just take it for granted, everything goes up"

Household, Liverpool

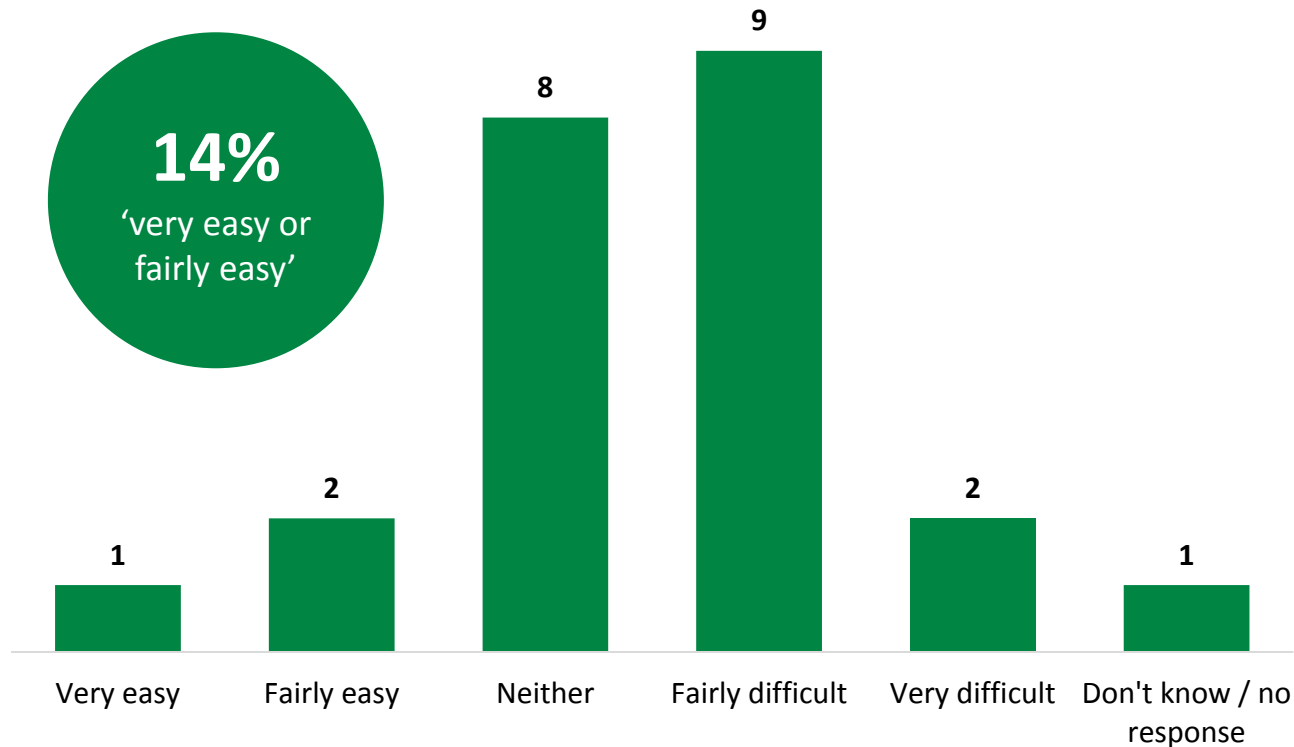
"Why is it being passed on to us? If it was the optional stuff, like yeah, that's fair enough. But it's literally mandated."

FBP, Manchester

Affordability: non-household customers

How affordable do non-household customers think the proposed plan is?

Just 14% of NHH customers found the plan affordable, markedly lower than AAT1 (61% easy to afford). Just under half (48%) of NHH customers found the plan difficult to afford, compared to 13% in AAT1. Those rating the plan as neither easy or difficult to afford has increased from 26% in AAT1 to 35% in AAT2. While medium and large businesses typically felt they could absorb increased costs, micro businesses – and particularly those in service industries – were feeling pressure from a number of sources, including wider inflation, rising interest rates, slow recovery from Covid, and reduced consumer spending power.



“Of course it’s not a surprise to me, the cost of everything is going up, and I understand that the cost of an activity to United Utilities now is likely to be significantly higher than it was a year or two ago... it doesn’t mean it’s not a lot for us to absorb though.”

Medium business

“I fully expect that we’ll close the business in the next couple of years. It’s not just this, it’s everything, but we can’t keep making a loss, and I’ll know when to call it a day!”

Micro, Trafford

Note: non-household customers were presented with a projected bill prediction based upon an estimate of their current bill provided by the respondent.

Q01. Thinking about how your organisations income and how it may change in the future, how easy or difficult do you think it would be for you to afford these water and sewerage bills? **Base:** All NHH respondents from the qualitative phase (23)

Views on Affordability: non-household customers

- Most businesses felt some anxiety and concern about the proposed bill impacts, and how it would affect them.
- When factored in alongside other rising costs, a number – especially micro businesses - had concerns about whether their business would remain viable in the future.
- Despite concerns about affordability, the majority were in favour of the proposed plan, as they wanted to see improvements in the shorter-term, and felt uneasy about delaying investment. But, there are associated questions about how much United Utilities would invest themselves

“I mean, it’s not a surprise, but when you see it in black and white, you do have to stop and think for a minute. We’re paying around £6k at the moment, that’s a big increase over six or seven years.”

Medium business

“Everything is going up, so you come to expect it... I don’t necessarily mind paying it, but what are United Utilities doing? Are the shareholders still taking dividends?”

Micro, Trafford

“Leakage, pollution, metering, carbon reductions all good things to focus on, and should be priorities, and that costs money!”

Medium business

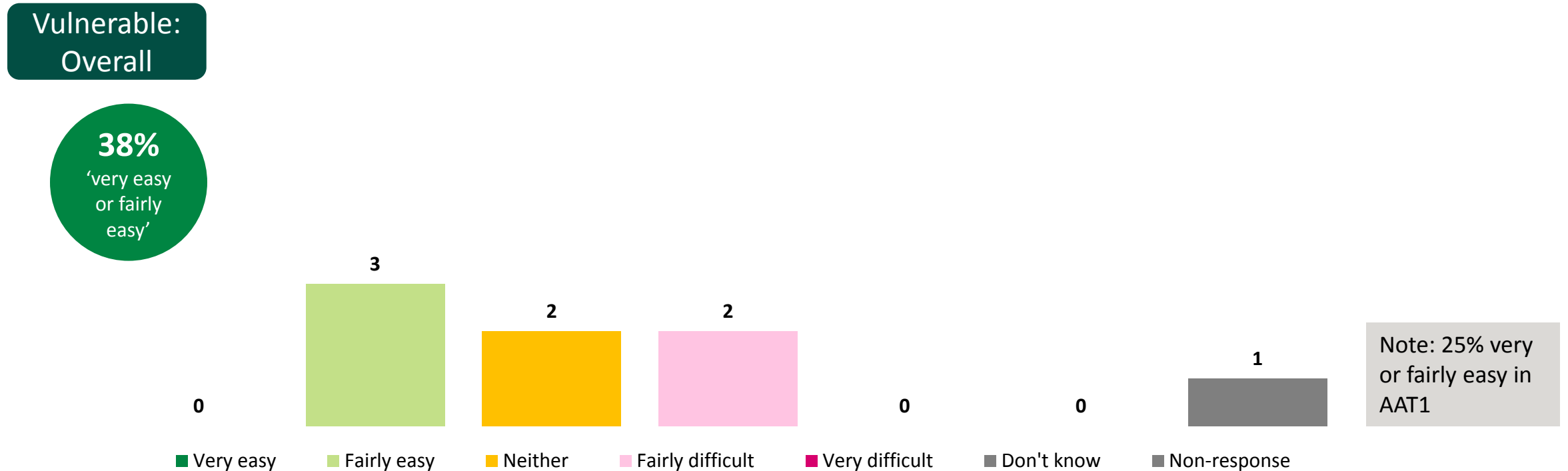
“I don’t see how that’s affordable for us. If it was just water, maybe, but it’s everything from food to gas and electric – there’s a tipping point somewhere.”

Small business

Affordability of the proposed plan: vulnerable customers

How did household views of affordability differ by vulnerability?

Overall, around a third of vulnerable customers (3) said they would be able to afford the proposed plan either very or fairly easily.



Base: All Vulnerable respondents (8) Health vulnerable (4) Financial vulnerable (4) Post-task Q1 Thinking about how your income may change in the future, how easy or difficult do you think it would be for you to afford these water and sewerage bills?

* **Caution** very low base size for comparison between health vulnerable and financially vulnerable customers.

Views on affordability: vulnerable and future customers

Vulnerable customers perceived their water bill as a more manageable household bill in comparison to gas and electric bills, but they had concerns as to whether United Utilities are going to increase prices at the rate of the energy companies. Future customers also initially perceived water bills as reasonably priced (based on their parent's views), but this changed when they saw the projected bill amounts, with many feeling it would be unaffordable for them when they eventually leave home.

Vulnerable Customers



Vulnerable customers, like household customers felt that their water bill is one of the most reasonable bills they pay. Comparisons to gas and electric prices were commonly made with customers feeling as though their water bills tend to be more affordable.

However, there was concern among some vulnerable customers that United Utilities are going to hike prices up in a similar way that energy companies have. This was frequently mentioned by health vulnerable customers when they saw the affordability support package and before they saw the bill projection. Financially vulnerable customers appeared less concerned, perhaps as they may currently receive support with their bills.



“Compared to the price of gas and electricity I’d say the water bill is pretty good and it’s something you can’t go without”

Financially vulnerable, Manchester

“The money they’re putting aside to support people concerns me... are they increasing support because bills will be unaffordable?”

Health vulnerable, Merseyside

Future Customers



Future customers’ earlier perceptions were that water bills aren’t too much (based on parents). However, when they saw a projected bill increase based on the average household amount, it was a lot higher than expected.

Many future bill payers said that the projected figure made them anxious about how they were going to manage when they moved out from living with their parents who currently pay the bills. On balance, a larger proportion of future customer appeared to be concerned with regards to affordability than households.



“Essentially, you’ll be getting the same thing but paying £300 more a year, which just seems crazy.”

FBP, Manchester

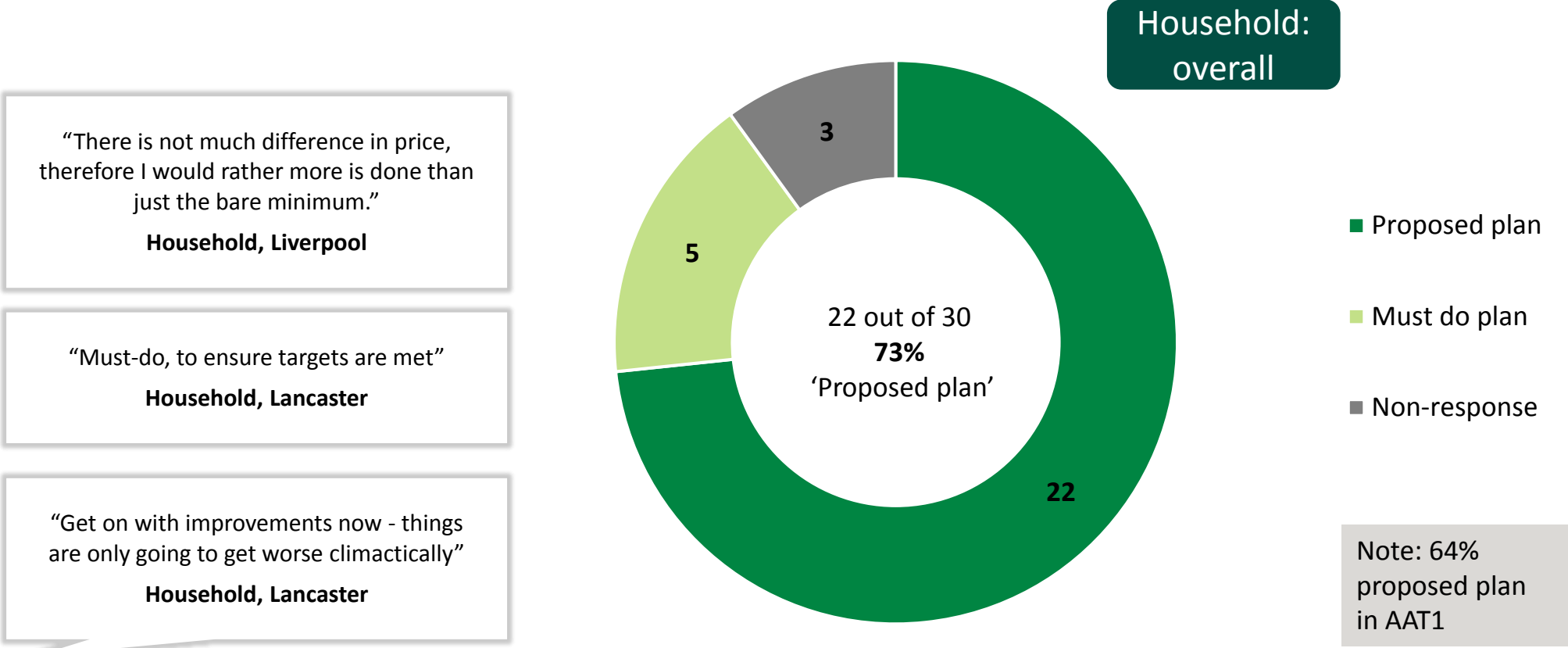
“We’ve got a 1% cost of living increase this year. And I think on average, the costs of everything has gone up by like, 20%. It’s ridiculous.”

FBP, Manchester

Plan preference: household customers

Overall, did household customers prefer the proposed or the 'must do' plan?

Two thirds (22 of 30) of household customers chose the proposed plan as their preferred option, with 5 preferring the reduced-cost 'must do' plan, and three providing a non-response. Reasons for preferring the proposed plan were most often tied to the small size of the difference in projected bill impact (only £10 a year difference for most, by 2030).



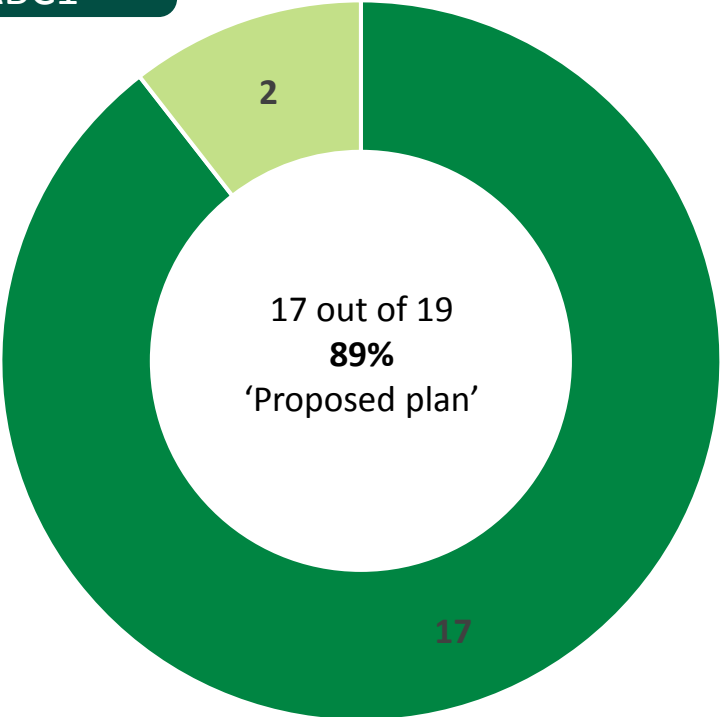
Base: All HH respondents (30) Post task Q4 Of the business plans you have seen today, which one do you prefer overall?

Plan preference: household customers

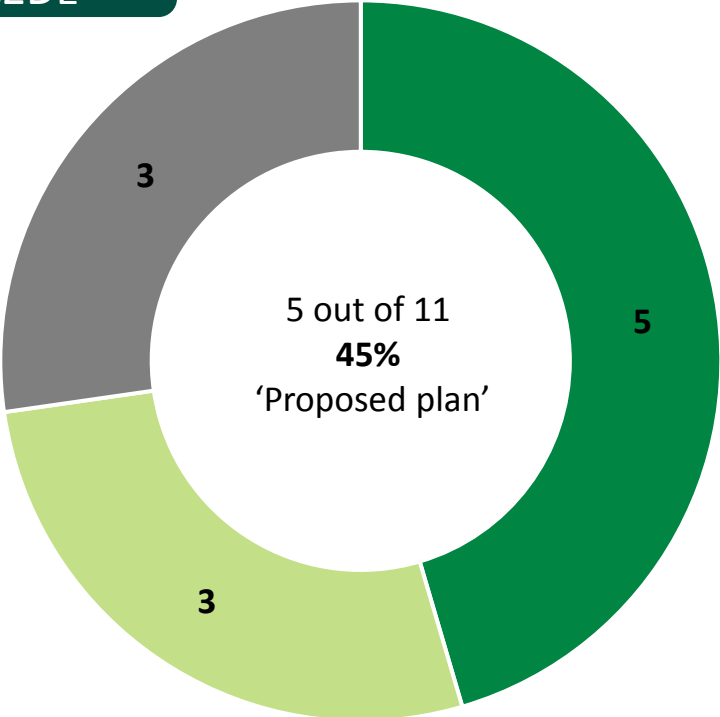
How did householder plan preference differ by socio-economic group (SEG)?

Both ABC1 (17/19) and C2DE (5/11) households preferred the proposed plan to the 'must do'. However, a number of C2DE participants provided an alternative or invalid response to this question, meaning that just half selected the proposed plan as their preferred option, compared to around three-quarters of ABC1 participants.

Household:
ABC1



Household:
C2DE



- Proposed plan
- Must do plan
- Non-response

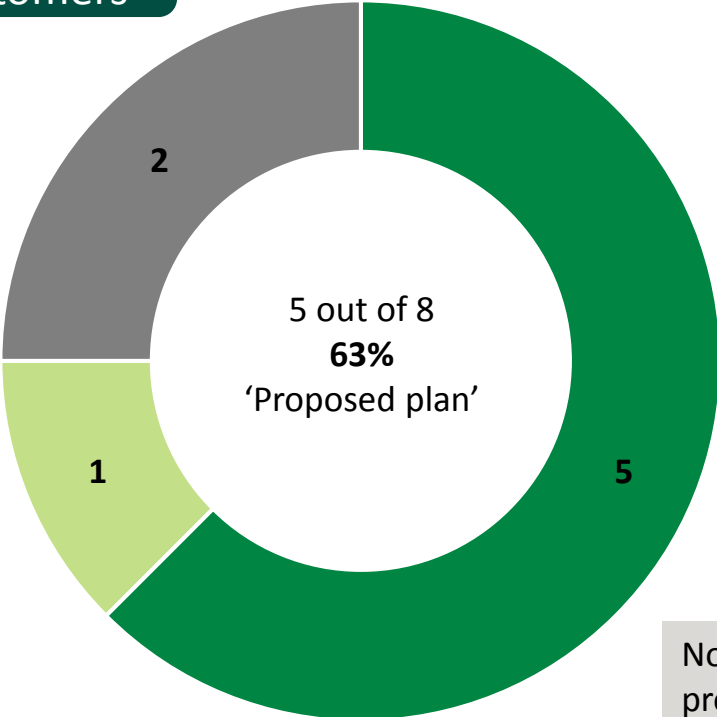
Base: All HH respondents (30) ABC1 (19) C2DE (11) Post-task Q4 Of the business plans you have seen today, which one do you prefer overall?

Plan preference: vulnerable customers and future customers

Overall, did vulnerable and future customers prefer the proposed or the 'must do' plan?

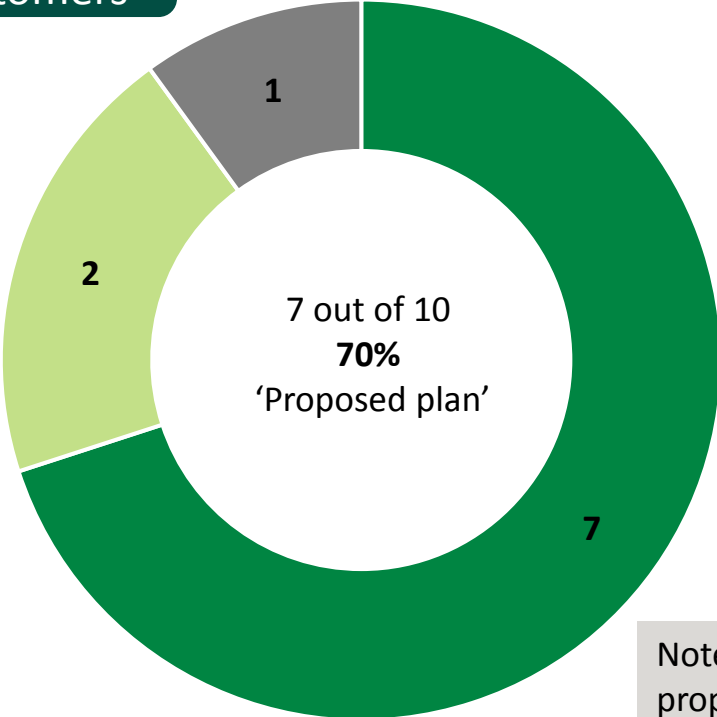
The majority of vulnerable and future customers preferred the proposed plan over the must do plan. Of those who said they preferred the must do plan, their main reason behind this was financial and saving money as and where they can...

Vulnerable customers



Note: 75% proposed plan in AAT1

Future customers



Note: 88% proposed plan in AAT1

Base: All vulnerable (8) and future bill payers (10) Post-task Q5/Q4 Of the business plans you have seen today, which one do you prefer overall?

Plan preference: vulnerable and future customers

On the whole, vulnerable and future customers preferred the proposed plan. The main reason for their preference, was due to the service improvements that will come from the proposed plan at a relatively small price increase in comparison to the 'must do' plan.

Vulnerable Customers



Overall, vulnerable customers would prefer United Utilities to move forward with the proposed plan. There are areas of the plan that they would look to remove, such as targets on hosepipe bans or smart meters, to save money, however, they see carbon reduction to be too important a target to warrant choosing the 'must do' plan.



Like household and vulnerable customers, future customers perceive the proposed plan as being the best value for money in terms of service improvements. However, environmental impacts are also an important factor in their decision-making process with some expressing how greater efficiency will benefit the environment.

Largely, their preference for the proposed plan is due to the fact that there is minimal difference between the cost of the 'must do' plan and the proposed plan. Once again, they break down the difference monthly, and deem it as an inconsequential saving.



Ultimately, future customers feel as though the cost of the 'must do' plan is almost equivalent to the cost of the proposed plan and therefore feel as though the proposed plan gives customers more service improvements for a minor bill difference.



“It’s not that much of a discount. You’re not going to miss it over a year so I’d rather keep all of those areas of service.”
Financially vulnerable, Merseyside

“£10 is 70-odd pence per month, I don’t think anyone in their right mind would choose that. I wouldn’t be prepared to lose any of those targets to save a little bit of money.”
Health vulnerable, Lancashire

“It has more focus on helping the climate, which is important to me.”
FBP, Manchester

“The 'must do' reduces cost by £10 per year. This amount is not low enough for the plan to change from the 'proposed.’”
FBP, Manchester

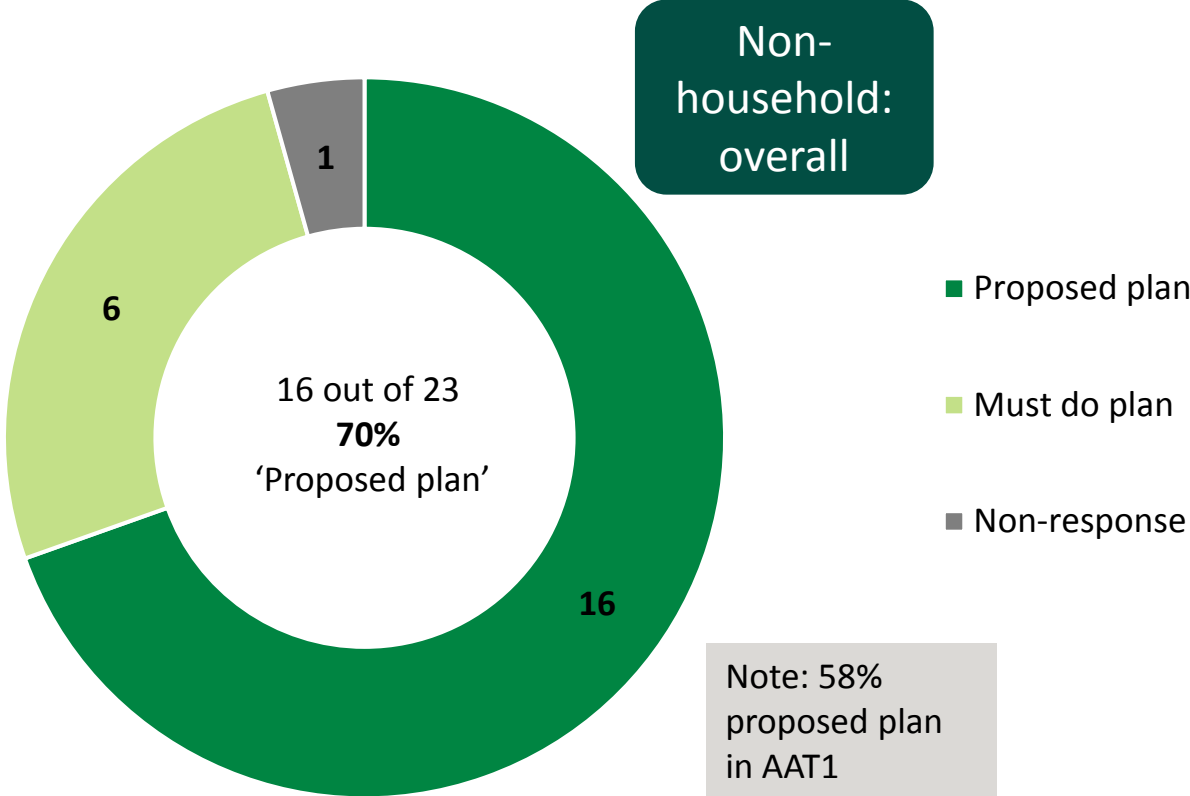
Plan preference: non-household customers

Overall, did non-household customers prefer the proposed or the 'must do' plan?

There was no difference in preference for the proposed plan between household and non-household customers. The majority of businesses preferred the proposed plan, mainly on the basis that the proposed plan offers improvements in key areas of leakage and the environment for a (projected) amount that is not thought to be significantly over and above the 'must do' projected increases.

“The % to cost increase benefit, it’s worth the extra 3-4% in price increase.”
Micro, Trafford

“It’s offering a lot more than must do and there’s not much more of a saving.”
Medium business



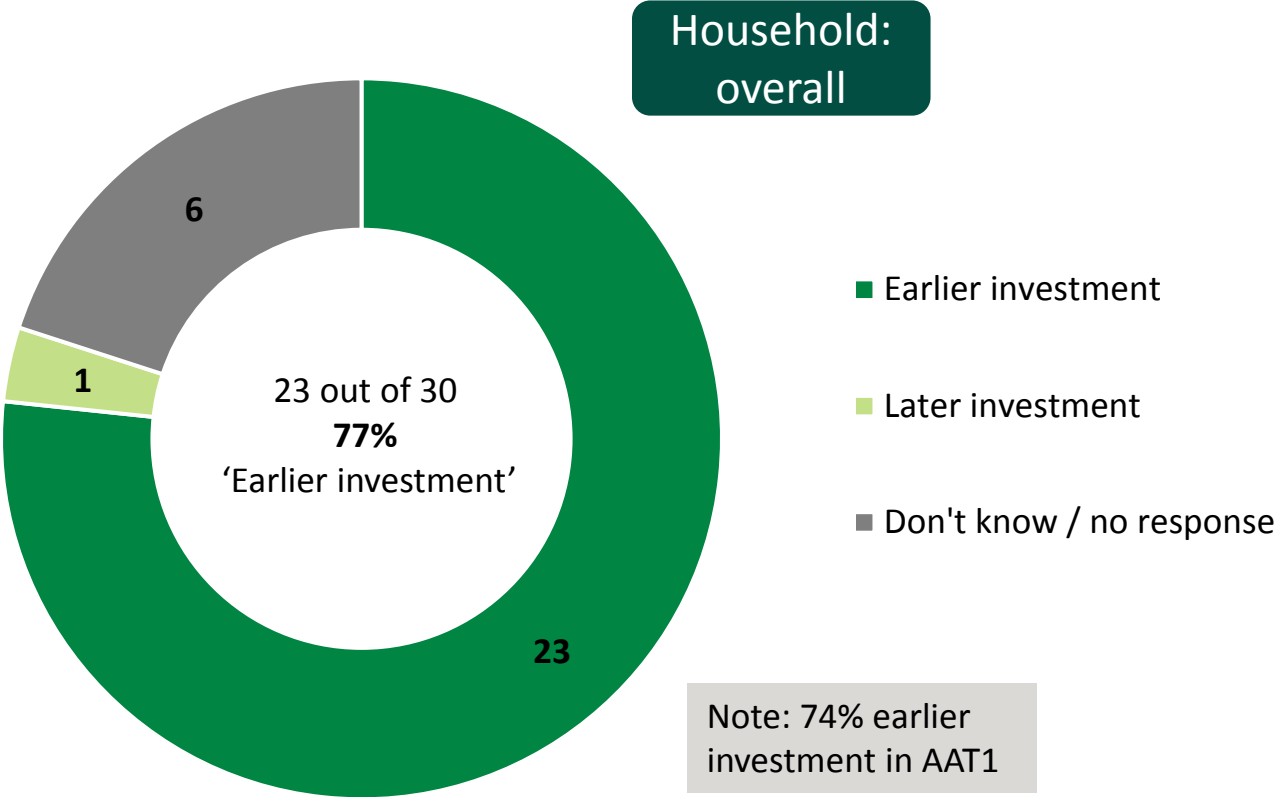
Base: All NHH respondents (23) Post task Q4 Of the business plans you have seen today, which one do you prefer overall?

Phasing and intergenerational fairness

Phasing preference: household customers

Overall, did household customers prefer earlier or later investment?

In terms of phasing, the majority (23 of 30) of household customers felt that earlier investment was preferable to later (1).



Base: All HH respondents (30) Post task Q6 When would you like investment to start?

Note for understanding:

Following the stipulated research guidance for the qualitative post-task questionnaire, quantitative data was gathered on participants' preference between two investment approaches, 'an increase in bills starting sooner, spreading increases across different generations of bill payers' (earlier investment) and 'an increase in bills starting later, putting more of the increases onto younger and future bill payers' (later investment).

However, included within each qualitative discussion was consideration of a third option under consideration by United Utilities, in which investment and improvements were both spread out gradually (see below).

Phasing over time

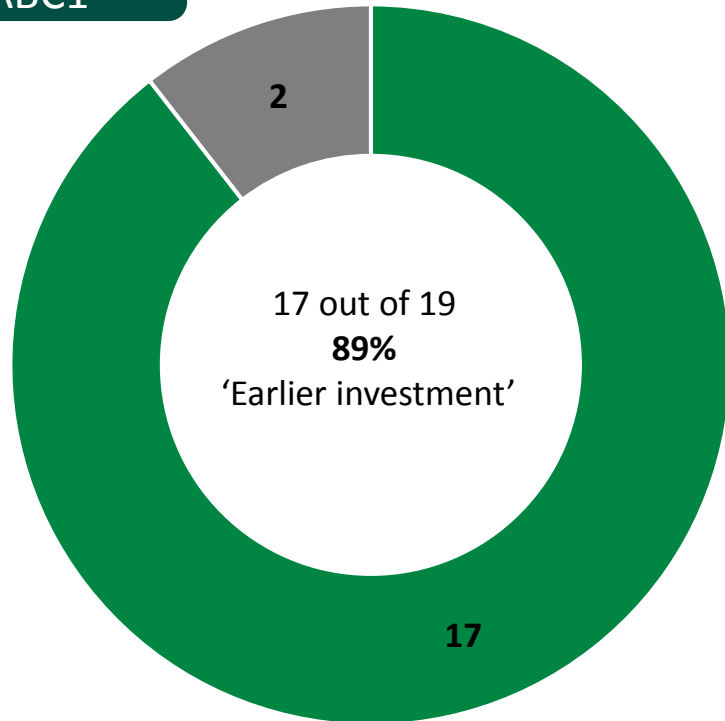
	Option 1	Option 2	Option 3
Description	Investment is spread out across 2030 to 2050 to improve services, gradually improving levels of service	Investment is sooner to allow for improvements to services earlier	Investment is delayed, so service improvements happen later
What this means for bills	Bills will increase gradually from 2030 to 2050	Bill increases happen earlier, with a steep increase sooner and then hold steady	Bill increases happen much later with a steeper increase later on
What this means for service	Steady and gradual improvement to services from 2030 to 2050	Rapid improvement to services earlier, and then improvements hold steady	Little to no improvements to services until later on when investment is undertaken. Rapid improvement to services after this.

Phasing preference: household customers

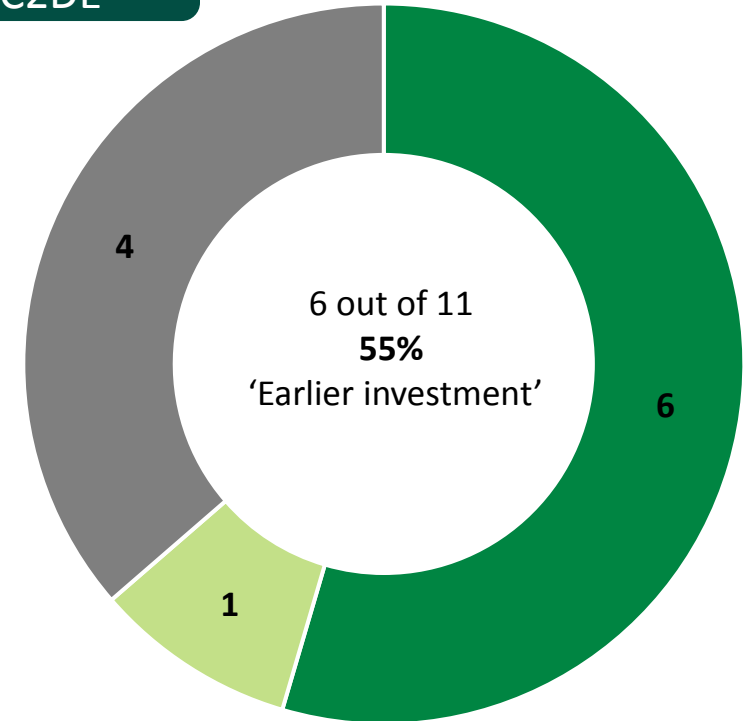
How did phasing preference differ by socio-economic group (SEG)?

Both ABC1 (17 vs 1) and C2DE (18 vs 3) households preferred earlier investment to later investment.

Household:
ABC1



Household:
C2DE



- Earlier investment
- Later investment
- Don't know / no response

Base: All HH respondents (30) ABC1 (19) C2DE (11) Post-task Q6 When would you like investment to start?

Positive views of early investment: household customers

Benefits of earlier investment

These improvements need to be done anyway

Improvements overdue

Expectation that bills will be reduced again when investment complete

Intergenerational fairness

Customers were generally of the opinion that investment in key areas of infrastructure were already lacking and potentially overdue, and in this context investment in the shorter-term was seen as preferable to avoid bigger and potentially costlier issues further down the line.

However, there was an expectation among some that once improvements had been made – especially in relation to leakage – that bills would begin to fall as the infrastructure became more robust.

A key consideration for many was around intergenerational fairness and not wanting to store (more) problems for their children and grandchildren. While economic concerns were raised, it was generally considered that beginning to invest now was the fairer approach to take.

“You can’t just keep putting these things off... it’s still a Victorian system, it’s going to need replacing”

Household, Lancaster

“Simply delaying it and kicking the can further down the road is probably going to make it more expensive, and more problematic.”

Household, Liverpool

“We can’t just leave everything for our kids and their kids, there’s a responsibility to do it now.”

Household, Lancaster

Negative views of early investment: household customers

Drawbacks of early investment

Coinciding with high bills just now

Don't trust that bills will drop or will keep on rising

While earlier investment was the more popular than delayed investment, some were put off by this option.

Preference for a later investment approach was driven by concerns about already high bills, and the wider cost of living – feeling that many are already stretched to the limit and have no room for manoeuvre.

And, for a few, there was a concern that bills would continue to rise, even after infrastructure improvements had been implemented.

“There’s just not enough money to go around at the moment, it’s as simple as that.”

Household, Lancaster

“It's hard to say because if it were only about me, I would take option two, because I'm comfortable paying soon. But if I think on a wider level, we have a big energy crisis happening right now. And that backs up business in general. So if I were to think about the population, I can't think of how housing energy wise is going to play out .”

Household, Liverpool

Phasing preference: vulnerable customers

The overall consensus of vulnerable customers is that delaying investment would only make the problem worse and is ultimately delaying the inevitable, but they are also cautious to suggest that investment should start sooner... They feel gradual changes will be more manageable for customers like themselves who are potentially more likely to struggle with keeping up with their bills, often mentioning the current economic uncertainty that they face and how a steep increase in water bills will only add to this uncertainty.



Vulnerable customers are largely in favour of making changes gradually. Delaying investment is rarely seen as acceptable as it is just delaying the inevitable. The only comment to the contrary is that it may be better for those struggling to wait until the economic climate is more stable.

“When things are done gradually it’s not as much of a shock, is it? Go slow and steady.”

Vulnerable, Cumbria

“That’s more positive than delaying the inevitable. We’re never going to get anywhere if we keep putting things off and delaying it”

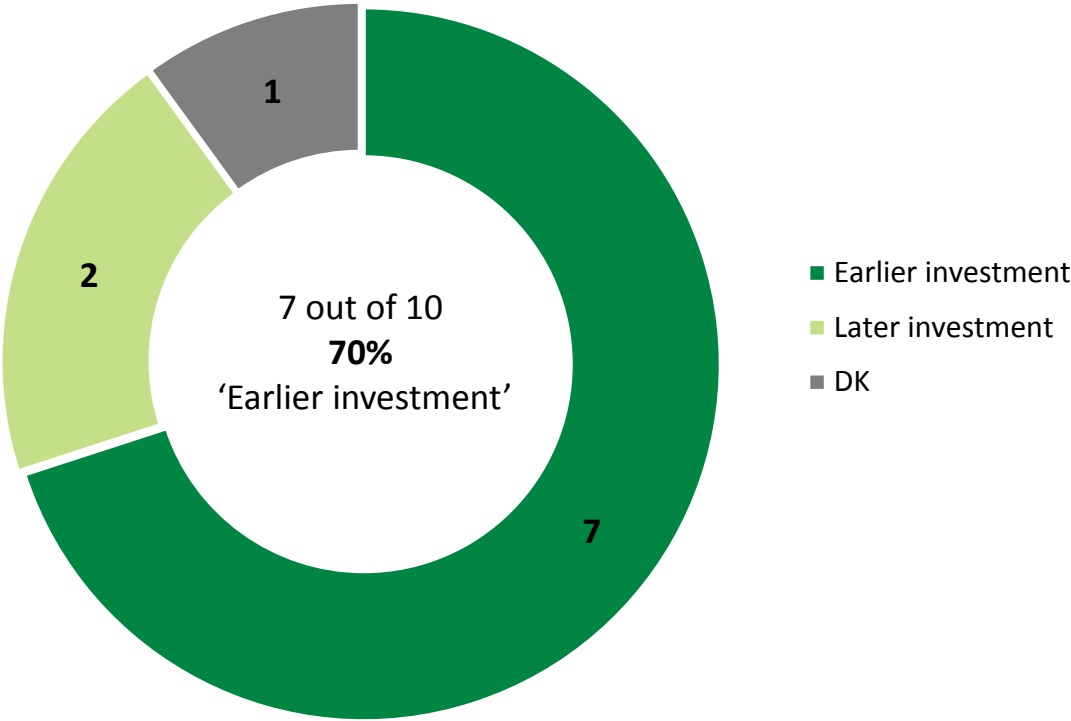
Vulnerable, Lancashire

As vulnerable customers look to budget their finances over coming years, they saw a gradual increase in prices to be more manageable, as opposed to sharp rises caused by quicker investment.



Phasing preference: future customers

The overall consensus of future customers is that investment should start sooner, and this conclusion is reached for a variety of reasons including benefits to future generations and the environment. However, future bill payers do express concerns with regards to the economy but are largely optimistic that things may get better...



The majority of future bill payers are in favour for Option 1, an increase in bills starting sooner but they are mindful of the current economic climate.

“I think our generation has not got great salaries, pretty rubbish opportunities to buy houses or do anything; so if it’s spread kind of across everyone it’s fairer.”

FBP, Manchester

“And considering the state of the economy now, it’s in a poor state but could get better in the future.”

FBP, Manchester

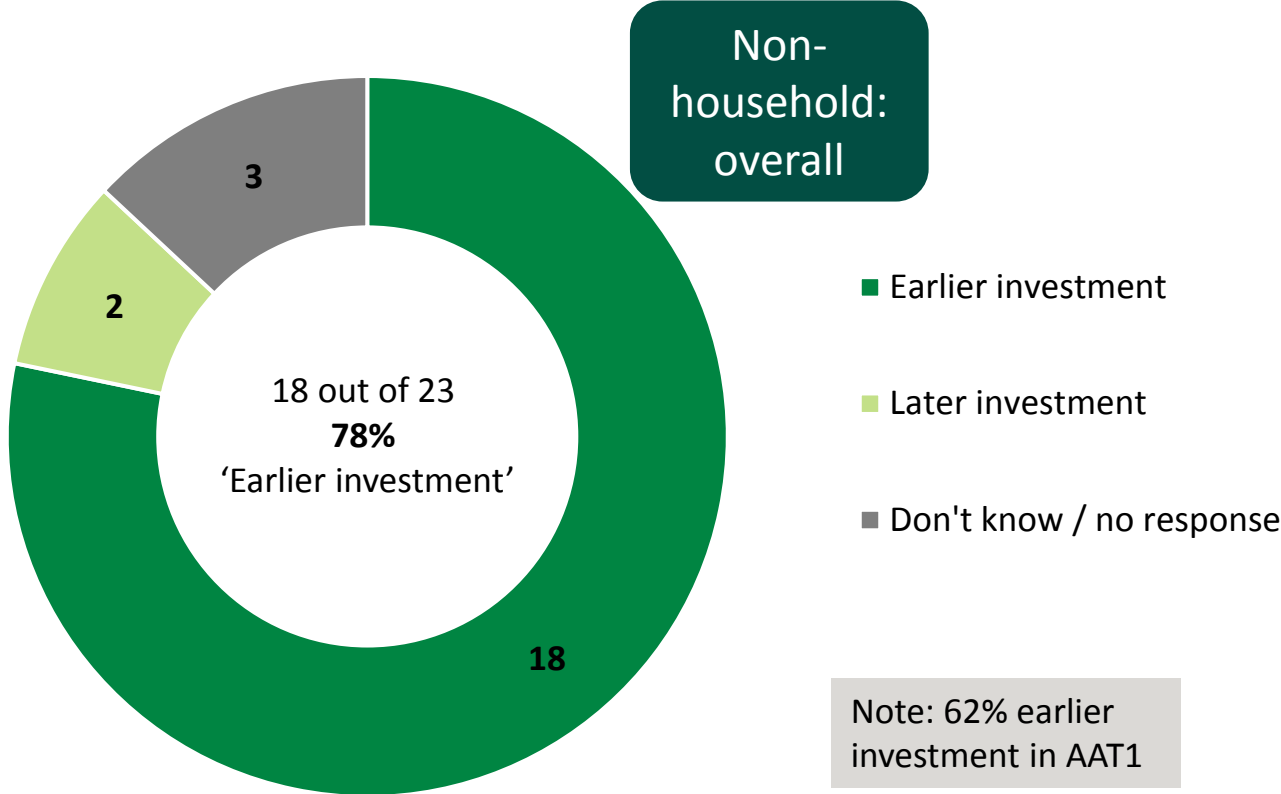
Phasing preference: non-household customers

Overall, do non-household customers prefer earlier or later investment?

In terms of phasing, the majority preferred earlier investment than later – mainly to ensure future generations (and associated environmental concerns) would benefit from decisions made now.

“Create impact on wider environmental issues which will deliver a positive impact for generations to come.”
Micro, Trafford

“You can’t just do everything now, but you can’t leave it either, so it needs to be gradual.”
Large Business



Base: All NHH respondents (23) Post task Q6 When would you like investment to start?

Summary and conclusions

Summary and conclusions

To summarise...

Acceptability:

- A broadly acceptable (63% acceptability across all audiences) plan that covers the issues important to customers.
 - However, some are unhappy at being asked to 'pick up the tab' for improvements, given United Utilities' perceived continued profitability and payment of shareholder dividends.
- Customers want to see the most urgent and immediate action taken on leakage and pollution, and they feel that United Utilities could set more stretching targets here.
- Other mandatory areas of the business plan are considered important, but not to the same extent as leakage and pollution.
- The scale of the plan for smart meters comes as a surprise, and while there is broad support, a number would prefer a lower target, and for efforts (and money) to be focused elsewhere.
- Most in favour of the affordability support package, but there are some concerns among a minority that the level/amount of support goes too far
- Plans for carbon reduction are welcomed, and seen as progressive and reasonable

Affordability:

- The projected bill impacts are broadly affordable for household customers, but non-household customers and future bill-payers in particular are concerned about the prospect of such significant bill increases.
- However, customers (across all audiences) continue to be concerned about the wider economy, and how long the current cost of living crisis will continue to impact finances. Generally, customers are trying to not look too far ahead, and are focusing on the 'here and now'.
- There is a strong preference for the proposed plan, due to the fact that the cost saving with the 'must do' plan is negligible. However, this should not be considered as an unreserved acceptance, with many feeling ill-equipped to absorb any price increases at all in the current climate.
- In terms of phasing, it's clear that there is no appetite for delaying investment, however, there is a general preference for a gradual approach overall, while having a focus on key areas (particularly leakage and pollution)

Summary and conclusions

Wider conclusions, acceptability and affordability...

While it should be noted that the number of customers consulted across this research doesn't allow for robust statistical analysis or conclusions, the qualitative data available provides a rich resource to understand customer reactions to the proposed (and 'must do') plans, and the extent to which they find them acceptable and affordable.

Overall, while the majority of customers (across all audiences) were prepared to rate the plans they were presented with as 'acceptable', in almost all cases, the associated rating came with strong caveats around wanting assurances of future targets being met, greater accountability and transparency of bills – including how much of a customer's bill goes to service improvements compared to how much of a customer's bill goes towards shareholder dividends and wider company profits.

The majority of customers have had to (significantly) scale back their discretionary spending over the last 18 months, and for some – especially micro businesses – there is little optimism of finances improving in the short to medium term. Set against this, the majority of customers are increasingly cost (and value) sensitive. Although most see their water bills as affordable and (relatively) good value for money at the moment, the projected bill impacts would put pressure on a number of customers – particularly micro and small NHH customers, and future bill payers. The bill projections also impacted on customers' acceptability of the plan with some changing their minds on this having reviewed their projected bill increase.

When this wider context is set against current negative news coverage for the water sector, particularly around sewage, customers are beginning to be more observant and discerning about their water company and the service it provides.

While the plans were (mostly) seen as acceptable, the key priority areas of leakage and pollution are where United Utilities were most likely to be judged. Customers saw these aspects of the plan as non-negotiable, and in some instances would like to see more stretching targets imposed and increased investment for leakage. To facilitate improvements in these areas, customers were grudgingly accepting of bill increases – but also wanted to see United Utilities shoulder some of the burden to ensure bills remain as low (and therefore as affordable) as possible.

Recommendations

The broad acceptance of United Utilities' business proposed plan provides United Utilities with the 'go ahead' to pursue the aims and targets set out to customers, however, United Utilities needs to be mindful of the affordability of its plan to all audiences and these results should be triangulated with other research pieces in this area including the AAT2 quantitative stage.

Within the plan, it is clear that there are key priority areas for improvement that should be placed at the front and centre of investment and business. Leakage and pollution are the key areas customers expect to see addressed and improved upon. Targets should be set to be as stretching as possible in these areas, and United Utilities should be prepared to communicate with customers on its plans and progress in a more detailed and concerted way than it has previously. The £150m investment in the pipe network is deemed not enough by all audiences, with customers wanting to reallocate funds from elsewhere to boost this.

Other areas of the prescribed business plan are all considered important and worthwhile in differing ways, and to differing extents – but by and large they are considered by-products of the other key priority areas outlined; for example, if leakage is reduced, it is assumed that supply interruptions and water quality will also benefit. To that end, United Utilities should acknowledge that these areas of the business plan are of more importance (and relevance) to the business and Ofwat than customers – assuming performance doesn't significantly worsen – and prioritise the key areas for improvement accordingly.

Recommendations

The carbon reduction target, whilst important, is seen as a given. A 42% reduction is considered to be fair, but there is confusion around what the baseline is and how United Utilities will reduce emissions. The £195m investment to 2030 is considered to be acceptable. However, a number of customers are sceptical of how achievable the wider 2050 net-zero plan for the UK is, and by extension are not certain that United Utilities will be able to meet its target. As such, it will be necessary to take customers on a step-by-step communications journey – starting with progress against the 2019/20 baseline (and broad details of measures taken to date), followed by outlines of how reductions are planned for the period 2025-30

Increasing the affordability support package is seen as a positive step overall, however, communication around the plan will be necessary to secure wider customer support and buy-in. In particular, customers who are just about managing but not (currently) eligible for support, and non-household customers are likely to be interested in the detail of where and how support is targeted. In most cases customers trust United Utilities to distribute affordability support in the fairest way possible, but there is a degree of scepticism that it reaches the right people, so ensuring transparency and openness in communications will be vital.

Conversely, the smart meter roll-out has been met with less enthusiasm. In particular, the 900,000 target is seen as a particularly high figure that some struggle to reconcile. Therefore, combining smart-metering targets with wider leakage detection and reduction targets should be a priority to ensure customers understand the *why* behind the target.

Recommendations

Halving the chance of a hosepipe ban is largely considered a 'nice to have' by household customers, and of little importance to non-household customers. There is little opposition to it being included in the plan, but some (especially non-household customers) are sceptical of its inclusion – feeling that it might be an 'easy win' for United Utilities to boost its overall performance. When communicated as part of a wider long-term supply security strategy customers are more likely to be in favour, but as a standalone measure it should not be considered a priority.

Generally, customers support the proposed plan over the must-do plan and whilst their preference is for earlier investment, they are mindful of the current economic climate and thus would prefer a programme which can be rolled out gradually unless more United Utilities funding can enhance the speed of asset investment.

Appendix 1

Stimulus

Session and interview stimulus

Session and depth interview discussion guides:

[United Utilities AAT2 Non-household session discussion guide.pdf](#)

[United Utilities AAT2 Non-household depth interview discussion guide.pdf](#)

[United Utilities AAT2 Household session discussion guide.pdf](#)

[United Utilities AAT2 FBP session discussion guide.pdf](#)

[United Utilities AAT2 Vulnerable depth interview discussion guide.pdf](#)

Session and depth interview slides:

[United Utilities – Session Stim Non-household AAT2.pdf](#)

[United Utilities - Session Stim Household AAT2.pdf](#)

[United Utilities – Session Stim FBP AAT2.pdf](#)

[United Utilities - Session Stim Vulnerable depths AAT2.pdf](#)

Appendix 2

Pre and post task questions

Pre task questions: Non-household

	How easy or difficult is it for your organisation to afford to pay your current water and sewerage bill?	Which of the following aspects of service is most important for the day-to-day operation of your business?	What are your business's expectations for future water and sewerage services – what would you most like to see improved?	Having read through the information sent to you, please list the 3 or 4 things that are new / interesting / surprising to you? Some customers said:
NHH (23)	Very easy 17%	A reliable water supply service 43%	A reliable water supply service 56%	<p>"I didn't realise the size of the task of United Utilities, so huge and diverse. I was impressed with the social payments to struggling customers."</p> <p>"That there is a 5 year plan monitored by Ofwat, and that financial rewards are given for good performance"</p> <p>"A lot of The background work – you don't realise everything that is done with the processes etc"</p> <p>"The breakdown per £1 was news to me"</p> <p>"How low UU rate for some key factors e.g. the leak amounts & quality of water"</p> <p>"All very interesting and a lot to have learned for myself and my business. Obviously we need more info on what they can be doing and how they can help our business"</p>
	Fairly easy 30%	Consistent water pressure 0%	Consistent water pressure 31%	
	Neither 26%	Reliable and consistent water supply quality 43%	Reliable and consistent water supply quality 44%	
	Fairly difficult 17%	Responsive customer service 0%	Responsive customer service 44%	
	Very difficult 0%	Accurate bills 14%	Accurate bills 25%	
	Non-response 9%	Reliable removal and treatment of water 0%	Reliable removal and treatment of water 19%	
		Reliable removal of rainwater from the site 0%	Reliable removal of rainwater from the site 25%	

Post task questions: Non-household (I)

	How easy or difficult do you think it would be for you to afford these water and sewerage bills?	How acceptable or unacceptable is the proposed business plan to you?	You said that the proposed business plan is unacceptable...Why do you say that?	You said that the proposed business plan is acceptable...Why do you say that?	Of the business plans you have seen today, which one do you prefer overall?	Which one of the following options would you prefer?	To what extent, do you trust United Utilities to deliver their proposed plan by 2030?	Why do you say that?
NHH (23)	Very easy 4%	Completely acceptable 0%	Too expensive 50%	It's not too expensive 0%	Proposed 70%	Starting sooner 78%	Trust United Utilities to deliver it all 17%	United Utilities give me a good service 45%
	Fairly easy 9%	Acceptable 57%	United Utilities profits too high 13%	The plan is good value for money 0%	Must do 26%	Starting later 2%	Trust United Utilities to deliver some of it 52%	United Utilities services are good value for money 15%
	Neither 35%	Unacceptable 30%	The plan won't improve things enough 25%	United Utilities plan focuses on the right things 38%	Non-response 4%	Non-response 13%	Trust United Utilities to deliver a little of it 17%	United Utilities keep their service promises 30%
	Fairly difficult 39%	Completely unacceptable 4%	United Utilities should pay using profits 38%	I trust United Utilities to do what's best for their customers 38%			Don't trust United Utilities to deliver it 9%	United Utilities don't update their customers 20%
	Very difficult 9%	Non-response 9%	The plan is poor value for money 13%	The plan will make big / good improvements to things 50%			Non-response 4%	United Utilities don't give me a good service 5%
			The plan doesn't focus on the right things 13%	I trust United Utilities to make these service improvements 38%				United Utilities services are poor value for money 5%
			I won't be able to afford this 25%	Plan is environmentally friendly 75%				Shareholders are more important to United Utilities 35%
			I don't trust United Utilities to make these service improvements 25%	I will be able to afford this 0%				United Utilities will want to put bills up by more than this 15%
			Plan isn't good enough for future generations 0%	Plan is good for future generations 50%				United Utilities customers are their top priority 5%
			I don't trust United Utilities to do what's best for their customers 0%					
		Plan is not environmentally friendly 0%						

*Q5 is an open text response

Post task questions: Non-household (II)

	How easy, or otherwise, was it for you to decide which plan you preferred?	I was able to understand the various parts of the business plan	My responses were based on how much difference each part of the business plan would make to my organisation	My responses were based on how much the business plan would cost my organisation	I found it easy to choose which of the business plan components were most important to me	I found the session engaging and enjoyed participating
NHH (23)	Very easy 35%	Strongly agree 43%	Strongly agree 39%	Strongly agree 43%	Strongly agree 52%	Strongly agree 61%
	Fairly easy 39%	Agree 26%	Agree 22%	Agree 17%	Agree 22%	Agree 17%
	Neither 17%	Neutral 13%	Neutral 26%	Neutral 22%	Neutral 9%	Neutral 9%
	Fairly difficult 4%	Disagree 13%	Disagree 9%	Disagree 9%	Disagree 13%	Disagree 9%
	Very difficult 0%	Strongly disagree 0%	Strongly disagree 0%	Strongly disagree 4%	Strongly disagree 0%	Strongly disagree 0%
	Non-response 4%	Non-response 4%	Non-response 4%	Non-response 4%	Non-response 4%	Non-response 4%

Pre task questions: Household

	How easy or difficult is it for you to afford to pay your water and sewerage bill?	Having read through the information sent to you, please list the 3 or 4 things that are new / interesting / surprising to you? Some customers said:
HH (30)	Very easy 33%	"I was surprised to see that we were quite low in the league tables overall - that we lost almost double the volume of water due to leaks compared to the top performer in this area. I was pleased to see that we were top in the league table for number of incidents of pollution."
	Fairly easy 27%	"How each £1 received by company is used, how water companies are officially assessed, the fact there are annual targets and the fact that United Utilities has missed many of them."
	Neither 33%	"How varied sizes of areas covered by different water companies were."
	Fairly difficult 3%	"Planting of 1 million trees and work with environment. Number of jobs 5700 in water service. Number of customers who contacted UU about the water colour and taste."
	Very difficult 0%	"The amount of water lost to leakage. I did not expect such average performance."
	Non-response 3%	"Hadn't realised there were so many water companies. Didn't realise how many people were employed. Had not realised help was available for people on low incomes."
		"That UU received so many complaints regarding water quality, that UU had almost the highest leakage, and that UU was amongst the lowest polluters (still too high)."

Post task questions: Household (I)

	How easy or difficult do you think it would be for you to afford these water and sewerage bills?	How acceptable or unacceptable is the proposed business plan to you?	You said that the proposed business plan is unacceptable...Why do you say that?	You said that the proposed business plan is acceptable...Why do you say that?	Of the business plans you have seen today, which one do you prefer overall?	Which one of the following options would you prefer?	To what extent, do you trust United Utilities to deliver their proposed plan by 2030?	Why do you say that?
HH (30)	Very easy 23%	Completely acceptable 3%	Too expensive 0%	It's not too expensive 10%	Proposed 73%	Starting sooner 77%	Trust United Utilities to deliver it all 7%	United Utilities give me a good service 57%
	Fairly easy 23%	Acceptable 63%	United Utilities profits too high 50%	The plan is good value for money 5%	Must do 17%	Starting later 3%	Trust United Utilities to deliver some of it 77%	United Utilities services are good value for money 43%
	Neither 37%	Unacceptable 30%	The plan won't improve things enough 20%	United Utilities plan focuses on the right things 30%	Non-response 10%	Non-response 20%	Trust United Utilities to deliver a little of it 7%	United Utilities keep their service promises 20%
	Fairly difficult 10%	Completely unacceptable 3%	United Utilities should pay using profits 60%	I trust United Utilities to do what's best for their customers 10%			Don't trust United Utilities to deliver it 10%	United Utilities don't update their customers 3%
	Very difficult 3%		The plan is poor value for money 10%	The plan will make big / good improvements to things 20%				United Utilities don't give me a good service 0%
	Non-response 3%		The plan doesn't focus on the right things 20%	I trust United Utilities to make these service improvements 20%				United Utilities services are poor value for money 10%
			I won't be able to afford this 10%	Plan is environmentally friendly 30%				Shareholders are more important to United Utilities 40%
			I don't trust United Utilities to make these service improvements 10%	I will be able to afford this 15%				United Utilities will want to put bills up by more than this 10%
			Plan isn't good enough for future generations 20%	Plan is good for future generations 50%				United Utilities customers are their top priority 3%
			I don't trust United Utilities to do what's best for their customers 0%					
		Plan is not environmentally friendly 0%						

*Q5 is an open text response

Post task questions: Household (II)

	How easy, or otherwise, was it for you to decide which plan you preferred?	I was able to understand the various parts of the business plan	My responses were based on how much difference each part of the business plan would make to my household	My responses were based on how much the business plan would cost my household	I found it easy to choose which of the business plan components were most important to me	I found the session engaging and enjoyed participating
HH (30)	Very easy 13%	Strongly agree 40%	Strongly agree 17%	Strongly agree 20%	Strongly agree 40%	Strongly agree 53%
	Fairly easy 60%	Agree 40%	Agree 30%	Agree 37%	Agree 47%	Agree 20%
	Neither 13%	Neutral 3%	Neutral 30%	Neutral 13%	Neutral 17%	Neutral 13%
	Fairly difficult 10%	Disagree 13%	Disagree 20%	Disagree 20%	Disagree 10%	Disagree 3%
	Very difficult 3%	Strongly disagree 3%	Strongly disagree 3%	Strongly disagree 10%	Strongly disagree 7%	Strongly disagree 10%

Pre task questions: FBP

If 10 is 'very impressed' and 0 is 'very unimpressed', how are you feeling about your water company?*		Please write a sentence or two in the box below explaining your view	Having read through the information sent to you, please list the 3 or 4 things that are new / interesting / surprising to you? Some customers said:
FBP (10)	0 0%		
	1 0%		
	2 0%	5 - "I am fairly indecisive, half positive and half on the other side."	"They're helping with affordability support. They're investing so much into green research and development. That UU is the best in the country for pollution of lakes and streams."
	3 0%	7 - "The company is doing well regarding the waste management - not discharging the waterways and the quality of water is usually very good but they could do better in being more eco-friendly.."	"How far £1 per day per household goes. The cycle of water.."
	4 0%	7 - "Impressed with water quality etc but surprised that they scored below aim on most of their targets."	"Water quality. Sewer flooding. How many areas were supplied.."
	5 16%	7 - "This score is because some days the pressure is quite low."	"How the companies all have a new plan every 5 years. The way in which water companies aim to have an effect on the entire region and not just the water. How the water companies' performances are all measured against each other.."
	6 0%	8 - "The water company likes to make sure the customer is satisfied and is trying to improve on areas which require it."	"Help with payments. Water taste good. Good goals."
	7 50%	9 - "Never really had any issues or complaints."	"Higher rain fall and how it is affected. Water leakage and how it's different/changed. £1 of average household.."
	8 16%		
	9 16%		
10 0%			

*CAUTION – low base size (6; four no responses)

Post task questions: FBP (I)

	How acceptable or unacceptable is the proposed business plan to you?	You said that the proposed business plan is unacceptable...Why do you say that?	You said that the proposed business plan is acceptable...Why do you say that?	Of the business plans you have seen today, which one do you prefer overall?	Which one of the following options would you prefer?
FBP (10)	Completely acceptable 0%	Too expensive 50%	It's not too expensive 0%	Proposed 70%	Starting sooner 70%
	Acceptable 60%	United Utilities profits too high 0%	The plan is good value for money 0%	Must do 20%	Starting later 10%
	Unacceptable 30%	The plan won't improve things enough 0%	United Utilities plan focuses on the right things 50%	Non-response 10%	Non-response 20%
	Completely unacceptable 10%	United Utilities should pay using profits 75%	I trust United Utilities to do what's best for their customers 33%		
	Non-response 0%	The plan is poor value for money 0%	The plan will make big / good improvements to things 50%		
		The plan doesn't focus on the right things 0%	I trust United Utilities to make these service improvements 0%		
		I won't be able to afford this 25%	Plan is environmentally friendly 33%		
		I don't trust United Utilities to make these service improvements 25%	I will be able to afford this 0%		
		Plan isn't good enough for future generations 0%	Plan is good for future generations 17%		
		I don't trust United Utilities to do what's best for their customers 0%			
	Plan is not environmentally friendly 0%				

*Q4 is an open text response. **CAUTION – low base size (10)

Post task questions: FBP (II)

	How easy, or otherwise, was it for you to decide which plan you preferred?	I was able to understand the various parts of the business plan	My responses were based on how much difference each part of the business plan would make to my household	My responses were based on how much the business plan would cost my household	I found it easy to choose which of the business plan components were most important to me	I found the session engaging and enjoyed participating
FBP (10)	Very easy 10%	Strongly agree 10%	Strongly agree 20%	Strongly agree 0%	Strongly agree 20%	Strongly agree 10%
	Fairly easy 50%	Agree 50%	Agree 60%	Agree 30%	Agree 20%	Agree 60%
	Neither 10%	Neutral 30%	Neutral 10%	Neutral 40%	Neutral 40%	Neutral 10%
	Fairly difficult 30%	Disagree 10%	Disagree 0%	Disagree 30%	Disagree 20%	Disagree 20%
	Very difficult 0%	Strongly disagree 0%	Strongly disagree 10%	Strongly disagree 0%	Strongly disagree 0%	Strongly disagree 0%

*CAUTION – low base size (8)

Pre task questions: Vulnerable

	How easy or difficult is it for you to afford to pay your water and sewerage bill?	which of the following do you receive from your water company?	Having read through the information sent to you, please list the 3 or 4 things that are new / interesting / surprising to you? Some customers said:
Vulnerable (8)	Very easy 25%	A bill in you preferred format 0%	<p>"I recognised Louise Beardmore from the video and had quite negative reactions. I was surprised by a lot of the information but tried not to get dragged in as there are still things that they didn't mention and weren't doing. I think these things they should already being doing. I would also have liked to have seen the share of my pound spent that would go towards shareholder profits and benefits. I was surprised that they were coming top of the leaderboard for Pollution incidents."</p> <p>"The number of water and wastewater treatment works was a surprise. I was also surprised by proportion of the area that was National Park."</p> <p>"The information was quite deep and detailed but adequately understood."</p> <p>"The financial support was interesting. It was interesting to see the info about priority services and health vulnerabilities."</p> <p>"Surprised by the amount of activities they cover, the population of the region and the number of people that they employ, or who have jobs connected to UU."</p>
	Fairly easy 63%	A password used by meter readers and other water company staff who might visit your home 0%	
	Neither 13%	Delivery of bottled water to your home if your water supply is disrupted for more than a few hours 13%	
	Fairly difficult 0%	No none of these 88%	
	Very difficult 0%		
	Non-response 0%		

Post task questions: Vulnerable (I)

	How easy or difficult do you think it would be for you to afford these water and sewerage bills?	How acceptable or unacceptable is the proposed additional support to you?	How acceptable or unacceptable is the proposed business plan to you?	You said that the proposed business plan is unacceptable...Why do you say that?	You said that the proposed business plan is acceptable...Why do you say that?	Of the business plans you have seen today, which one do you prefer overall?	To what extent, do you trust United Utilities to deliver their proposed plan by 2030?	Why do you say that?
Vulnerable (8)	Very easy 0%	Completely acceptable 25%	Completely acceptable 13%	Too expensive 0%	It's not too expensive 0%	Proposed 63%	Trust United Utilities to deliver it all 50%	United Utilities give me a good service 75%
	Fairly easy 38%	Acceptable 63%	Acceptable 75%	United Utilities profits too high 0%	The plan is good value for money 43%	Must do 13%	Trust United Utilities to deliver some of it 38%	United Utilities services are good value for money 13%
	Neither 25%	Unacceptable 0%	Unacceptable 0%	The plan won't improve things enough 0%	United Utilities plan focuses on the right things 14%	Non-response 25%	Trust United Utilities to deliver a little of it 0%	United Utilities keep their service promises 38%
	Fairly difficult 25%	Completely unacceptable 0%	Completely unacceptable 0%	United Utilities should pay using profits 0%	I trust United Utilities to do what's best for their customers 57%		Don't trust United Utilities to deliver it 0%	United Utilities don't update their customers 13%
	Very difficult 0%	Non-response 13%	Non-response 1%	The plan is poor value for money 0%	The plan will make big / good improvements to things 14%		Non-response 13%	United Utilities don't give me a good service 0%
	Non-response 13%			The plan doesn't focus on the right things 0%	I trust United Utilities to make these service improvements 14%			United Utilities services are poor value for money 0%
				I won't be able to afford this 0%	Plan is environmentally friendly 29%			Shareholders are more important to United Utilities 0%
				I don't trust United Utilities to make these service improvements 0%	I will be able to afford this 0%			United Utilities will want to put bills up by more than this 0%
				Plan isn't good enough for future generations 0%	Plan is good for future generations 14%			United Utilities customers are their top priority 25%
				I don't trust United Utilities to do what's best for their customers 0%				
			Plan is not environmentally friendly 0%					

*Q5 is an open text response
Copyright © United Utilities Water Limited 2022

Post task questions: Vulnerable (II)

	How easy, or otherwise, was it for you to decide which plan you preferred?	I was able to understand the various parts of the business plan	My responses were based on how much difference each part of the business plan would make to my household	My responses were based on how much the business plan would cost my household	I found it easy to choose which of the business plan components were most important to me	I found the session engaging and enjoyed participating
Vulnerable (8)	Very easy 50%	Strongly disagree 0%	Strongly disagree 0%	Strongly disagree 0%	Strongly disagree 0%	Strongly disagree 0%
	Fairly easy 25%	Disagree 0%	Disagree 0%	Disagree 0%	Disagree 0%	Disagree 0%
	Neither 0%	Neutral 25%	Neutral 0%	Neutral 0%	Neutral 25%	Neutral 0%
	Fairly difficult 0%	Agree 25%	Agree 25%	Agree 38%	Agree 13%	Agree 25%
	Very difficult 0%	Strongly agree 38%	Strongly agree 63%	Strongly agree 50%	Strongly agree 50%	Strongly agree 63%
	Non-response 25%	Non-response 13%	Non-response 13%	Non-response 13%	Non-response 13%	Non-response 13%

Appendix 3

Customer questions and answers

Customer questions and answers



Note: Grey filled box denotes question asked in AAT1 & AAT2

1. Why are we the wettest country in Europe, but yet, we pay the highest for our water bills?

Water bills are linked to a combination of population and population density and usage as well as rain. A large proportion of the bill goes towards the treatment and cleaning of water, which is very linked to how dense your population is and how many people you've got in any given area.

2. How do United Utilities report on their performance figures, and ensure accuracy. Do Ofwat check and challenge these figures?

Since 2015/16 we have published our Annual Performance report (APR) on our website. The APR describes our performance for the year against our targets and provides a year by year view of our performance for each commitment for the period. We also complete a series of data tables (provided to us by Ofwat) that all companies use to provide a wealth of information on financial and non-financial information as well as information that is deemed necessary to understand how we run the business and the costs of doing so. They use this to assess our progress against our expected performance. The APR also contains an assurance section which helps to give Ofwat confidence in our reporting. Sitting behind this is our Assurance Framework that sets out the overall assurance (internal and external) we have in place to provide reliable, accurate and complete data. After we submit the APR in July there is a lengthy process where Ofwat can ask us questions on any aspect of our submissions. If something isn't clear to them or they think a number is out of step or inconsistent with previous years they may ask us about it.

3. Why are we scoring low for Taste Smell and Appearance?

We have missed our performance commitment for year 2 – the target was 16 contacts per 10,000 population and we achieved 17.9 compared with performance in the previous year we have seen a slight increase in taste smell appearance contacts. There has been an improvement in contacts about taste and odour, but an increase in contacts about the appearance – specifically discolouration. Interruptions can cause discoloured water by disturbing the natural sediment in pipes, and sometimes water use by fire service or water misuse through standpipes can impact on water quality too. Changes in water sources can change the taste of water that a customer is familiar with. UU have developed a comprehensive plan to deal with these issues, including better consistency of chlorine dosing to make sure there's more consistency across the region.

Customer questions and answers



Note: Grey filled box denotes question asked in AAT1 & AAT2

4. Do fines get paid by customers?

Customers do not pay for any fines which a regulator may impose on a water company – any such penalty would ultimately be borne by shareholders or the company itself. Customer bills are protected from the impact of such action.

5. Why do overflows happen?

Storm overflows exist on combined sewers. A combined sewer collects wastewater from our homes (toilets, showers and washing machines etc.) and rainwater that falls on our roofs and roads. This wastewater then goes to a treatment facility to be cleaned before being returned to local watercourses. In periods of heavy or prolonged rainfall, rainwater can overwhelm a combined system causing overflows to spill. Where sewer systems are fully separated there is no need for storm overflows as the variation in flow in the sewer is significantly reduced and the risk of flooding can be adequately managed. In the North West we have the highest proportion of combined sewers in England, 54% of our sewer network is combined. This is likely to result in a greater number of spills from our storm overflows. Overflows can happen for a variety of reasons, and some of these are outside off UU including farming and other industry overflows

6. What are our current Carbon emission levels?

We are progressing towards our science based target to reduce emissions by 42 per cent from our baseline by 2030.
2021/22: 135,936 tCO₂e
2019/20: 138,961 tCO₂e (baseline year)

7. When was the last Hosepipe ban in the NW?

There was nearly a HPB in 2018, but this was cancelled last minute. Before that, the last one was in 2010

8. What is the percentage bill increase?

65%

Customer questions and answers



9. Why is the comparative performance from 21/22? Do you have any more recent data?

This is because the performance figures for 22/23 have not been widely published yet. We do know, however, that United Utilities achieved 83% of their overall performance commitments, which is in the top 2 of all water companies.

10. Leakage - Is the investment/improvement relationship linear, so would a £300m investment result in a 48% improvement?

It's not linear, as current understanding is that it becomes incrementally more costly to reduce leakage.

11. Smart Metering – how much does it cost to produce smart meters i.e. what is it costing to promise 900,000 smart meters?

The average cost for a smart meter is £55 to produce depending on the supplier. In addition to this we need to pay to physically install or exchange the meter. We will also be investing in our teams, supply partners and systems to support the smooth roll out and management of all the smart data. This will deliver benefits to customers through reducing consumption and helping identify leaks on your private pipework. It will also help us reduce leakage on our network. On average, those customers who do save with a smart meter will save as much as £170 per year and with our Lowest Bill Guarantee customers can have the confidence they will not be paying more for being on a meter.

12. What % of energy used by UU is renewable?

Since Oct 2021 we purchase 100% green electricity.

13. Leakage – how does this rate compare to the rest of Europe??

According to the Ofwat, making international comparisons on leakage is not easy as the methodology used to calculate leakage varies from country to country. This means that we cannot directly compare the performance of England and Wales to other countries as we do not use the same definition of non-revenue water as a measure of leakage. However, we do have data for non-revenue water for the UK as a whole (including Scotland and Northern Ireland), which means there are some broad comparisons that can be made. The most recent data shows the UK performed better than many other European countries in this area. The UK leaks less water than countries such as Ireland, Italy, Norway, or Portugal but performs worse than Belgium, Sweden, Switzerland, France, Finland, Denmark, or the Netherlands

Customer questions and answers



14. How much are United Utilities owed in outstanding customer bills?

United Utilities applies a bad debt policy to outstanding debt from bills raised but not yet paid. The bad debt provision is charged to operating costs to reflect the company's assessment of the risk of non-recoverability of that debt. The details of the bad debt provision is reported in the Annual Report, which can be found on our website.

15. How many people are on a meter in the North West?

49% of the United Utilities customer base are on a meter.

Appendix 4

Limitations of the prescribed approach

Limitations of the prescribed approach

Recruitment:

- **With scams so prevalent**, some customers were suspicious and contacted United Utilities/the venue to check that the research was legitimate.
- **The length of the sessions** (up to 3 hours) put some customers off, despite the incentive.

Session attendance

- **Drop out rates** were higher than we would typically expect, and a number of participants needed to be re-recruited following drop outs in the days leading up to a group / depth.

Research Content

- **The general consensus was that there was too much information to digest and that some of this information (the prescribed information) was too wordy:**
 - An explanation of the role of research with customers in PR24
 - An explanation of how water company performance is monitored
- **The comparative company performance** on key performance commitments presented a lot of technical information and was especially difficult for customers to understand, in particular the measure of water supply interruptions. While changes were made to the presentation of the figures following the cognitive tests, the underlying prescribed content was dense and difficult to digest.
- **What was missing?** Customers felt that, rather than seeing comparative data, they would have found it more useful to have seen how United Utilities had performed over time and whether it had met its own previous targets. They also wanted explanations as to *why* targets had not been met.

For more information

Ali Sims, Research Director
asims@djsresearch.com

Matt Prince, Associate Director
mprince@djsresearch.com

Emily Ward, Research Executive
eward@djsresearch.com

Head office: 3 Pavilion Lane, Strines,
Stockport, Cheshire, SK6 7GH

Leeds office: 67 Albion Street,
Pinnacle, Leeds, LS1 5AA

+44 (0)1663 767 857
djsresearch.co.uk