



Yorkshire Water Acceptability & Affordability

Interim qualitative summary

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Background & objectives

The overall purpose of the research is to understand the extent to which Yorkshire Water's 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 Appetite for any additional or missing areas and willingness to pay for any extra investments on top of the 'must do' plan.
- 5 Views on phasing and inter-generational fairness and phasing.
- 6 Suggestions on how the affordability and acceptability of the plan could be improved.



Methodology

A three-step qualitative approach:

10 x Cognitive testing in-depth interviews with HH and NHH customers as well as future bill payers lasting 90 minutes

5x Household customers

2x Future bill payers

3x NHH customers (Micro businesses)

Deliberative focus group sessions with 83x customers & future bill payers lasting 3 hours (achieving an even split across AB, C1C2 & DE SEG in HH groups)

51x Household customers

19x Non-Household customers

13x Future bill payers

28 x in-depth interviews with NHH & vulnerable customers lasting 90 minutes

16x Vulnerable customers: 8x Health vulnerable, 8x Financially vulnerable

12x NHH customers (Small, Medium & Large)

We still have 2x Vulnerable customer interviews to complete & are awaiting transcripts for many of the sessions completed to date and to analyse these.

Methodology cont.

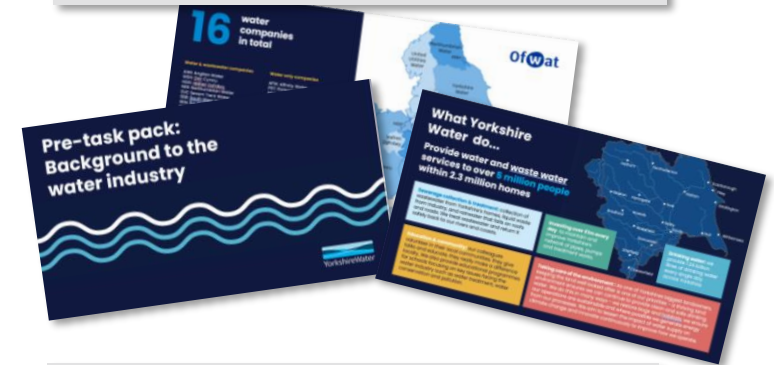
In accordance with OFWAT guidance participants all received the following information in advance (tailored to their audience type). All current customers also saw an individualised bill impact chart based on their annual bill.

As well as the qualitative feedback received in the sessions, participants were all asked to complete a pre & post task questionnaire, inc. mandatory questions specified by OFWAT.

A double sided one-pager outlining Yorkshire Water's least cost business plan



A 20-21 page pre-task pack giving background on the water industry & Yorkshire Water's current comparative performance



Individualised bill impact chart



Pre-task questionnaire inc. scaled & open comment questions

Post-task questionnaire inc. scaled & open comment questions



Limitations of the prescribed research

Recruitment:

- Recruitment from customer lists is renowned as a difficult recruit in the industry. The rate of drop-outs proved much higher with respondents recruited from a list.
- The length of the sessions (3 hours) put some potential participants off, despite the incentive.

Session attendance:

- Drop-out rates were especially high amongst vulnerable customers and particularly the financially vulnerable.
- Despite integrating feedback from cognitive testing, the main feedback from these audiences was that the prescribed pre-task information put them off/was too overwhelming.

Engagement levels:

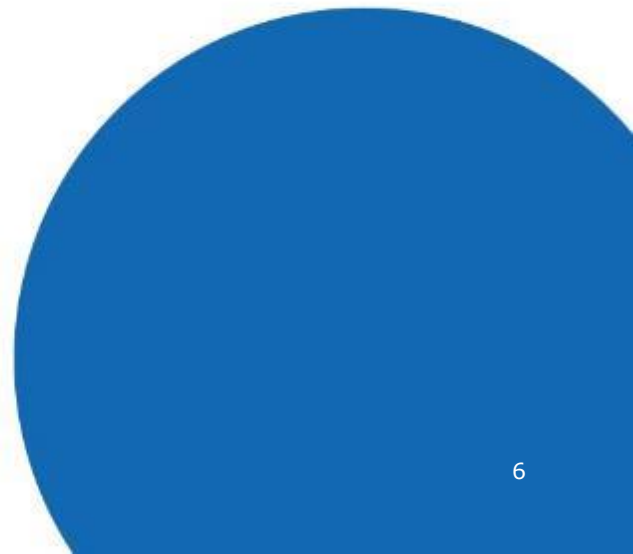
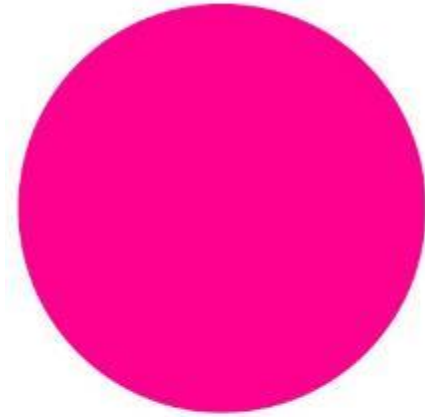
- Overall the majority of participants in the sessions were engaged and enjoyed participating, however for some, particularly C2DEs (and a couple of Future Bill Payers) the content and level of information shown again appeared to overwhelm and isolate them despite best efforts to explain content in different ways and pro-actively engage them in the sessions.
- Sometimes the amount of prescribed content upfront to get through left less time for the more engaging and pertinent sections such as feedback on the business plan, optional investments etc. The amount of prescribed information to present made sections of sessions feel more like an education activity.

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 and not easily absorbable for all education levels or neurodiverse audiences. For example:
 - 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? Some customers felt that, rather than seeing comparative data, they would have found it more useful to have seen how Yorkshire Water had performed over time and whether it had met its own previous targets.
- Some customers also felt the 6 areas prescribed as the focus for this research were not always the most relevant or pertinent areas of interest to them, particularly disruptions for more than 3 hours and to some extent sewage flooding (customer satisfaction/ service-related PCs were deemed to be more important to some and the Priority Service related PCs for vulnerable customers).

Key findings so far:

1. Initial reactions to the business and views on Yorkshire Water





Initial reactions to pre-task pack & business plan one pager of the prescribed research

Reactions to the information sent in advance of the groups and depths is generally muted and reactions to the business plan in particular quite neutral overall.

Many participants appear to be quite overwhelmed by the level of content – struggling to articulate views on the information – particularly vulnerable and lower SEG participants.

The one-page business plan needs more context to often mean much to customers and the metrics of current performance and targets can be hard for customers to give a view on without seeing these in more context (e.g. without seeing previous years' performance and the general direction of travel).

Despite this, customers often feel the information that is given is presented in the best way it possibly could be, with most challenges being from a content perspective

"I don't know really, there's a lot to take in, a lot of information there. It's hard to say as I don't know much about this sort of thing, I'm not sure I'm the best person to ask about this sort of thing but it seems... OK?"

Financially vulnerable customer

Key areas that stand out for customers:

- Yorkshire Water's comparably poor performance against key performance commitments, which appears to both disappoint and surprise.
- Yorkshire Water's poor performance alongside recent headlines and press coverage around storm overflows and pollution across all water companies appears to often set a negative tone at the outset amongst many participants (especially ABC1s) and it can be hard to move conversations on from poor sentiment.



Awareness of Yorkshire Water's activities & responsibilities

Everyone we have spoken to so far has been aware of Yorkshire Water and there appears to be strong levels of awareness around the activities and responsibilities of Yorkshire Water.



One area that customers have less awareness around is Yorkshire Water's education and community activities, which customers view to be both positive and important, especially amongst those who have school aged children.



Many customers are often also surprised to hear that Yorkshire Water is one of the largest landowners in Yorkshire and they see the responsibility to therefore care for and protect the natural habitats within these areas of land as extremely important.



The £1 million investment a day is also surprising and positive to many (although some customers do question whether this is impressive considering the number of customers).

"I question the term improvements, how much of this is progressive and how much of this is catching up after years of underinvestment?"

Bradford HH customer



This raises some questions around why this level of investment doesn't appear to be translating into good performance, where these investments are being made and the impact of such investments.



Experiences of Yorkshire Water

Prior to participating in this research, personal experiences and general perceptions of Yorkshire Water were mostly positive, despite perceptions being gradually eroded by current coverage on pollution and to a lesser extent coverage on leakage.

Some customers had experienced isolated supply, leakage or pressure issues but mainly these were dealt with in a speedy, professional and satisfactory way.



Customers often note feeling that Yorkshire Water have in the past been particularly good at notifying them in advance of any planned disruptions and being generally good when it comes to ongoing communications.



Positive personal experiences often make finding out about OFWAT's assessment of Yorkshire Water as 'Lagging behind' particularly shocking to many customers who find it hard to equate that assessment to the service they had received at home.

Some customers did note having variable customer service experiences at times with the knowledge levels and helpfulness of call centre staff varying on a contact-by-contact basis and with inconsistent knowledge levels and willingness to help noted at times.



Business customers, so far, appear to be more likely to have experienced supply or service issues, with issues experienced often having a greater impact on businesses in terms of the level of disruption they can cause (usually relating to drainage and pressure); but overall Yorkshire Water are viewed as being a generally competent and reliable supplier.



General negativity around the privatisation of the water industry impacts perceptions

Attitudes and negative sentiment on privatisation have previously been present when conducting water industry research but are now more prominent in group conversations at (and not just for Yorkshire Water).

Both household and business customers say they are keen for Yorkshire Water to invest more in replacing ageing infrastructure and future proofing of the network.

A re-occurring criticism is that they **believe Yorkshire Water** (as well as other suppliers) **spend too much money fixing and reacting to current issues rather than making longer term investments.**

Customers (both business and household) generally **do not feel valued by Yorkshire Water**, not because of any mistreatment or personal grievances with the company but **because of the nature in which water companies operate** and the lack of ability to switch supplier/wholesale supplier.

"You hear so much these days about these utilities companies putting up prices but then making record profits and taking big bonuses. I don't know if that's the case for Yorkshire Water but I assume they are no different."

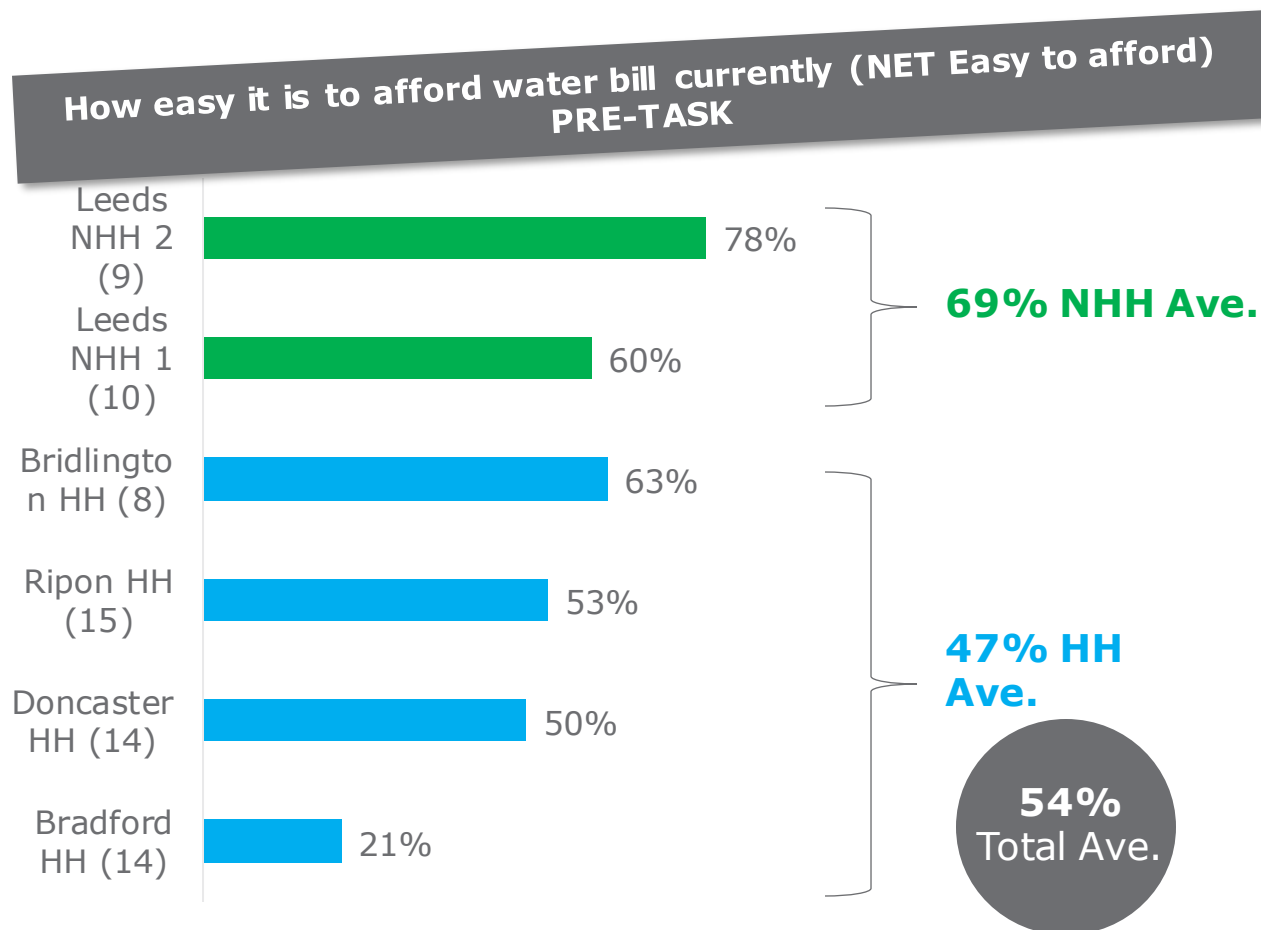
Health vulnerable customer

Many businesses are not aware that they have the ability to now choose their water retailer and those that do feel it makes little difference to billing or the service received (which makes looking at switching to different providers of little value).



Perceptions of value for money

Perceptions of value for money are really variable with around a half of households on average saying their water bill is very or fairly easy to afford and just over two thirds of businesses, however, affordability varies considerably by area.



Value for money scores given anecdotally in the groups often tend to be higher than ratings of affordability in the pre-task; for example mostly higher scores were even given in Bradford indicating that perhaps although bills are becoming harder to afford cumulatively at the moment, customers seem to recognise that investments and improvements cannot be made otherwise.

A number of customers noted experiencing significant bill reductions after going on a water meter, many of those with the highest bills were un-metered.

Reactions to the breakdown of average daily spend on water

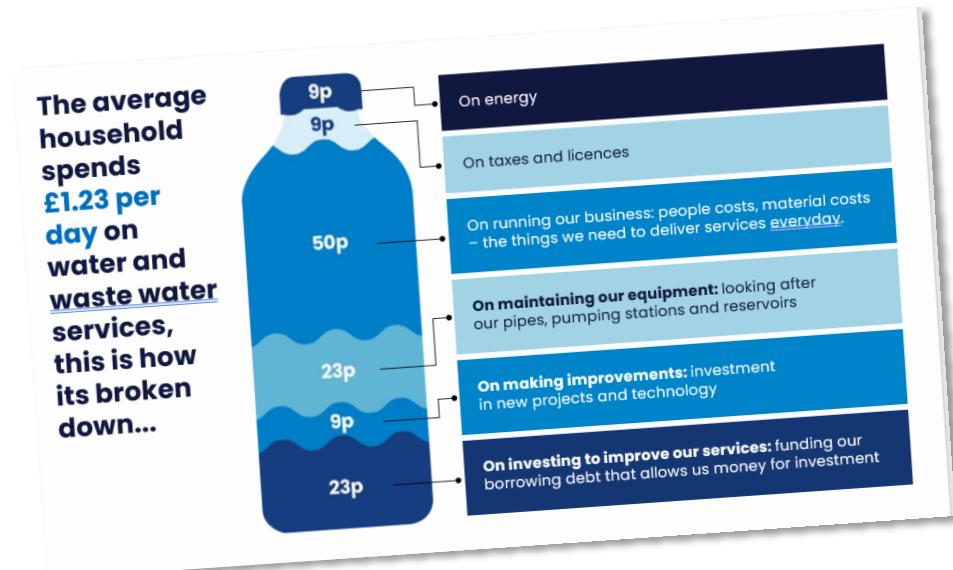
One of the key questions asked by customer upon seeing how the average bill amount is spent each day is **'How much of that goes toward profits?'**. This has been asked in virtually every focus group and depth interview. This may be something that Yorkshire Water chooses to elaborate on in the quantitative piece.

It is not clear where profits sit in the chart as it stands and some believe it be the main component of the largest 50p proportion of the chart.

Customers are often shocked (in a negative sense) to learn how much money goes towards paying off debt but customers view the 50p being spent on people and running costs as a positive (so long as this does not include shareholders).

Investing in jobs for people in the region is viewed as important and a potential benefit of to the region.

Many customers feel that the 9 pence on making improvements is not sufficient and should account for a larger proportion of the chart.



"It's helpful to see as it makes you realise how much goes into it all. As a finance director though I do question how borrowing debt can account for so much more than making improvements. I think most customers would hope investments in technologies was higher"

NHH Large customer



Household finances

The general consensus is that times are tough at the moment and all households (even most ABC1s) are feeling a pinch on their finances and quality of living at the moment. Households are having to take greater consideration and notice of their incomings and outgoings and the impact of any bill increases therefore becomes heightened.

Generally HH customers feel that energy and food bills are the worst culprits for negatively impacting finances at the moment. While energy bills have historically been one of the costlier bills, the increase in food costs appears to have really taken many by surprise and has had a particular impact on families with children/teenagers living in the household.

Businesses also report going through difficult times at the moment with raw material costs experiencing high levels of inflation and with consumer facing businesses noticing customers making choices to spend less or cut back on their spending where possible. In addition, a lot of businesses note that they are still playing catch-up and plugging debt accrued during the pandemic.

FBPs were largely unaffected by the COLC but were conscious that their parents or some friends had less disposable income.

Many of these issues are compounded for **Vulnerable customers** who are often noticing a **greater gap between the increasing cost of living and the slower increase in benefits and pensions.**

"Things are getting tougher and profits are being cut. Energy bills and material costs are the highest. The water bill is at the bottom of the list, cheap in comparison to everything else."

NHH Micro business

Many of the customers (HH & NHH) we spoke to noted often not having to worry about their water bill but because of the impact of price and bill rises across the board they are perhaps more aware and **more conscious of the cost of their water bill than ever before.**

But with many businesses & HH customers facing significant bill increases across the board the **relatively slower increase of the water bills is often viewed positively in comparison.**

Key findings so far:

2. Yorkshire Water's long-term plan



What customers would hope to see

Ahead of seeing Yorkshire Water's Long Term Plan, customers hope to see more longer term investments made to help secure the reliability and resilience of water supply e.g. investment in more reservoirs and the replacement and upgrading (as opposed to just the fixing and patching) of key infrastructure.

- Customers also mention hoping to see more environmental sustainability in the plans and a greater use of renewable energy.
- HH and NHH customers also hope to see more progress made in terms of reducing leaks. Medium to larger businesses in particular appear to find the wastage element of leaks especially important and a pressing issue to address, as they believe this costs them more as customer in the long term.
- In light of a lot of coverage on this issue recently in the media, tackling of issues relating to pollution and overflows is also frequently mentioned.

"Being business minded, we're always conscious of waste and reducing any amount of waste of resources in the business, so when you hear about the amount of water that gets lost through things such as leaks it becomes quite frustrating and something I'd hope there would be both short and longer term investment plans for."

NHH Medium business





Reactions to long-term plan

Reactions to the long term plan are mixed and include a large proportion of scepticism and ambivalence. Many customers question the perceived lack of tangible and measurable promises made in the plan.

Customers question **why some of the areas planned for weren't already happening** or hadn't already happened e.g. "we will strive to ensure no environmental harm is caused to the water environment due to the water we abstract".

The perception is that the **content on the slide could be applied to any period of time and doesn't contain anything to hold Yorkshire Water to account for.**

The words '**PR**' and '**spin**' are often mentioned and customers appear to have less confidence in the plan based on Yorkshire Water's current underperformance in a number of key PC areas.

"This could literally be a snap-shot of a generic plan taken from any period of time. It could easily be the same plan they had 10 years ago as there's nothing measurable or specific in there. It seems like a lot of spin to me"

HH Customer Ripon



What's missing from the long term plan?

Customers would like to see more quantification in the plan e.g. we currently have x number of reservoirs and plan to build x more by 2050 etc. They would also like to see more evidence around how and when Yorkshire Water will achieve the promises outlined.

Some of the areas mentioned in the plan are felt to be less appropriate as a long term goal and more of an immediate area requiring action e.g. protection against flooding.

Some areas listed are also felt to be simply 'part of the job' that customers pay for and not a long term goal e.g. 'a service that customers can rely on 24/7 and to put things right quickly if they go wrong'.

Vulnerable customers also question how well promoted and how proactive Yorkshire Water are at ensuring that those that need extra help either financially or through the PSR are made aware of these services. They feel it is not enough to simply offer these services without trying to identify and target those eligible for them.

A number of NHH customers felt that the long-term plan was missing aspects particularly relevant to them as a business, such as improved or more personalised customer service or anything related to tangible day-to-day dealings with or experiences with Yorkshire Water.

The plan is felt to be **strongest in terms of its 'citizen' focussed elements** e.g. protecting and supporting the vulnerable and protecting the environment. It is felt to be weakest from a 'customer' perspective as customers questioned where the money they had already spent on bills had gone and been spent on to date.

Key findings so far:

3. Performance commitments & comparative performance



Performance commitments and rewards and penalties

Customers appear to really struggle with the system of rewards and penalties and often don't agree with it. While they think that monitoring and policing is important they feel that the current structure for this does not work in the interest of customers.

Customers find it unfair that water companies should get paid more for doing their job well, when that is what they are already paid to do and customers struggle to see how taking funds away from companies helps them to make the investments needed to improve areas they are failing.

Customers question how penalties and rewards make any impact in reality and how they may have impacted their bills and service received to date. They would like to see examples of where Yorkshire Water have been fined or rewarded and what the impact of those measures were on service and bills.

Future bill payers in particular do not feel this system to be fair – they feel that if water companies are fined they have less money to invest in the future services that are more likely to impact the service they may receive in the future. They also question where the money from fines goes to.

Water company performance

As the regulator, Ofwat monitors the performance of water companies against their targets. To encourage them to reach their targets, Ofwat have developed performance incentives.

These can be penalties or rewards:

Penalties: Financial penalties for the water company, applied when the company fails to meet the target set, or if the company delivers much worse levels of service than promised.

Rewards: Financial reward where the water company has over-delivered against a set target (delivering a significantly improved service) or reduced its costs through innovation for example (without impacting on service).

Consequences of poor performance: If water companies are failing to deliver, they will need to address how they are putting things right through a clear improvement plan which Ofwat will monitor.



OFWAT's assessment of YW & comparative performance

As mentioned, customers are generally surprised to see Yorkshire Water as 'Lagging Behind' and the initial picture of this and the areas in which targets are not being met is disappointing.

However, while Yorkshire Water is not meeting targets in 7 out of the 12 areas listed, when customers see performance of other water companies in some of these areas they are sometimes comforted by the fact that **other water companies are often also not performing as well as they could and in some cases much worse.**

The information seems to build up a picture of **targets appearing to be set at a level where most companies are unlikely to meet them.**

Many customers find it hard to resonate with figures from companies in other areas and sometimes question the relevance of seeing them in such detail. **Customers suggest that a simple ranking and more information on YW's historical performance would be more pertinent.**

Key feedback on comparative data includes:

- The **amount of leakage generally is quite shocking for customers** and they feel the target is set high (i.e. allow too high an amount of leakage). They also question how water companies can accurately measure the amount of water truly lost.
- The amount of time without water reflects badly on most companies listed and customers feel YW's performance is at least better than some.
- Customers are often particularly surprised about complaints around the taste and smell of tap water as they often associate Yorkshire as having some of the best water in the country, so perhaps that leads to more contacts due to any deterioration being more noticeable.
- Customers can understand that there may be other factors at play outside of Yorkshire Water's control when it comes internal sewage flooding but still find the levels too high.
- While Yorkshire Water are not the worst offenders they generally find **not meeting targets on pollution inexcusable.**



Performance commitments of focus in the research







There is also some scepticism around the key areas identified by OFWAT that are covered. Some, like leakage and pollution, match up with what they want to see improvement against, but others like time without water and contacts made about quality don't seem as pressing to many based on the way that they are measured by OFWAT.

The way in which time without water is measured is quite intangible and hard to comprehend, as many customers will never have a disruption and others, but usually very few, may have disruptions lasting days which isn't well reflected in the way it is measured.

When asked which are the **most important areas that they would like YW to focus on, pollution and leakage** are of most interest and, mostly because of the poor performance currently, sewer flooding inside of properties.

As YW are performing so well on external sewer flooding, this is deemed as a lower priority.

Priority service areas for PR24

Water supply interruptions without warning, for longer than 3 hours	The appearance, taste and smell of tap water	Sewage flooding inside properties	Sewage flooding outside properties	Reducing leaks	Pollution of rivers & bathing waters
					
Measure: average no. of mins that water supply is lost across all properties	Measure: no. of contacts per 1,000 customers	Measure: no. of incidents per 10,000 properties	Measure: no. of incidents per 10,000 properties	Measure: no. of litres of water lost per property per day	Measure: no. of incidents per 10,000 km of sewer
Current performance: 10 minutes 38 seconds	Current performance: 1.09	Current performance: 2.83	Current performance: 19.52	Current performance: 122.91	Current performance: 27.36

This is possible because of the way OFWAT measure and presents these measures

Key findings so far:

4. Yorkshire Water's business plan & acceptability



An overview of feedback

There are mixed views on Yorkshire Water's business plan up to 2030. Generally while the targets set seem (mostly) reasonable, Yorkshire Water struggles to shake off poor sentiment around current underperformance in key areas which results in some doubt over Yorkshire Water's ability to deliver what they promise.

Overall ABC1s, FBPs and often NHH customers, in particular, appear to often want to see more detail on each aspect of the business plan and they want to see more detail around how the targets given relate to previous 5 yearly performance figures (again this is related to research design & stipulations).

C2DEs appear more accepting of the plan and can sometimes struggle to articulate how it could be improved or how to scrutinise the plan in any depth.

"Yorkshire Water have the right intentions but without knowing more specific details how do we know they have the capacity or the resources to fully carry out all these changes?"

HH Customer Ripon

There is a general sense (across the business plan slides) of scepticism of any performance targets and Yorkshire Water's ability to meet them based on current performance.

Water supply interruptions

Some view this objective as unimportant based on the way it is measured, with bigger problems to worry about.

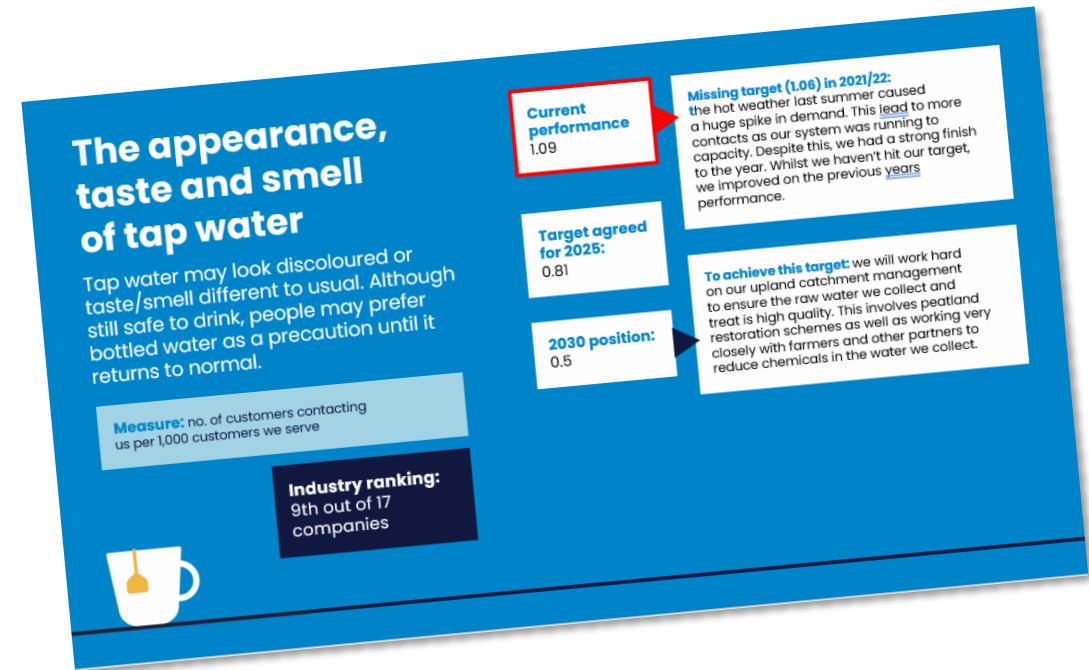
- Customers would like to see how, if any, previous investments have helped in this area. Overall the reduction of around a tenth by 2030 seems reasonable (again related to research design and stipulations).
- This is not an issue that any of our respondents to date have experienced (not for over 3 hours without warning) so it is a hard performance commitment to relate to for most.
- Given that the measure appears so susceptible to natural disasters and unexpected events (as noted in the description for not meeting the current target) there is a feeling that targets may easily not be met due to unforeseen circumstances and therefore have doubts in the feasibility of the targets set.



Taste, smell & appearance

A general view is that customers in Yorkshire have decent quality water and fair better than other southern regions.

- They feel that the wording is poor 'we will work hard'. Should be more objective than subjective.
- Some feel that this is probably quite a localised issue and that this may only be relevant/important to certain areas of Yorkshire.
- Customers don't always understand why hot weather resulted in the missed target and this feels like a bit of an excuse to many.
- Customers also note that weather is likely to get progressively hotter with global warming so have concerns that this may impact the stated targets.
- Future bill payers couldn't really relate to the approach to achieving the 2030 target (how does it help?)



"A water company should be able to cope with the hot temperature. Need to be more proactive with resilience"

NHH Microbusiness

Sewage flooding inside properties

Some customers appreciate the honesty around YW stating that the targets are set unrealistically high at the moment; others find this to be a poor excuse.

- Some customers suggest that YW could perhaps learn from other water companies currently meeting their targets in this area.
- This is generally felt to be an important area to focus on and try and get right as it is viewed as an awful incident to happened anyone. Although some do question how much of these incidents are related to sewer misuse by customers themselves.
- Some customers get the impression from the explanation around targets being set too high that YW may not be taking the issue seriously enough. A few customers appreciated YW's honesty here, some even expressed sympathy for YW's position but overall this approach did not go down favourably with customers often using the phrase 'cop out'.
- The ways and means in which Yorkshire Water say they will make the reduction seems reasonable, some customers do accept that there can be an element of sewer misuse involved and so feel that education is important.



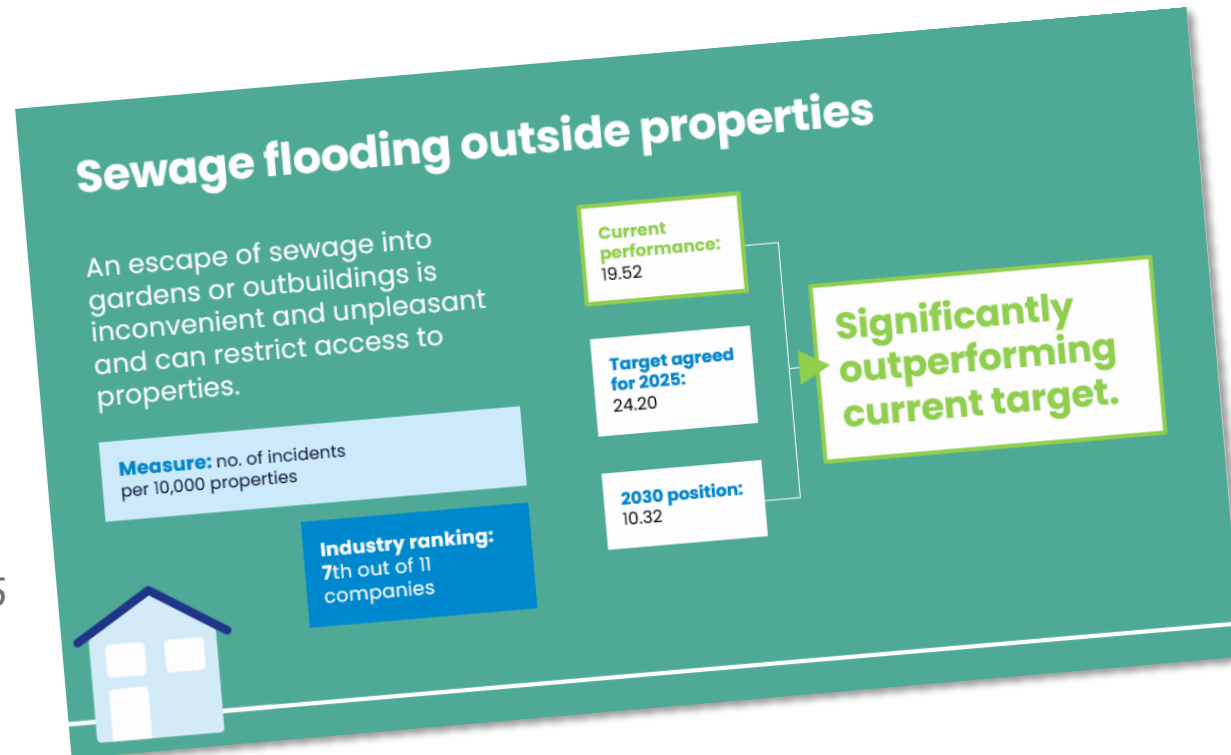
"Justifying why they are underperforming by saying the target is too high. Not sympathetic don't think its justified to say not achieving because the target is too high"

HH Bradford

Sewage flooding outside of properties

Customers generally feel performance in this area is already positive and appreciate seeing an area where performance is strong.

- Some question whether or not Yorkshire Water benefitted in this area due to geographical/structural reasons and the nature of properties in the region (in the same way it is at a disadvantage for internal flooding).
- As a result of already high performance some customers question whether this should be a priority for investment.
- Customers have mixed views on the poorer target for 2025 than current performance. Many believe the target is set far lower than what YW expect to achieve so that YW can again be seen to significantly exceed the target.
- Some would like to know why Yorkshire Water are outperforming in this area – is it through something innovative/different that YW are doing? Or just luck/things outside of YWs efforts and control? Any learnings that can be applied to failings?



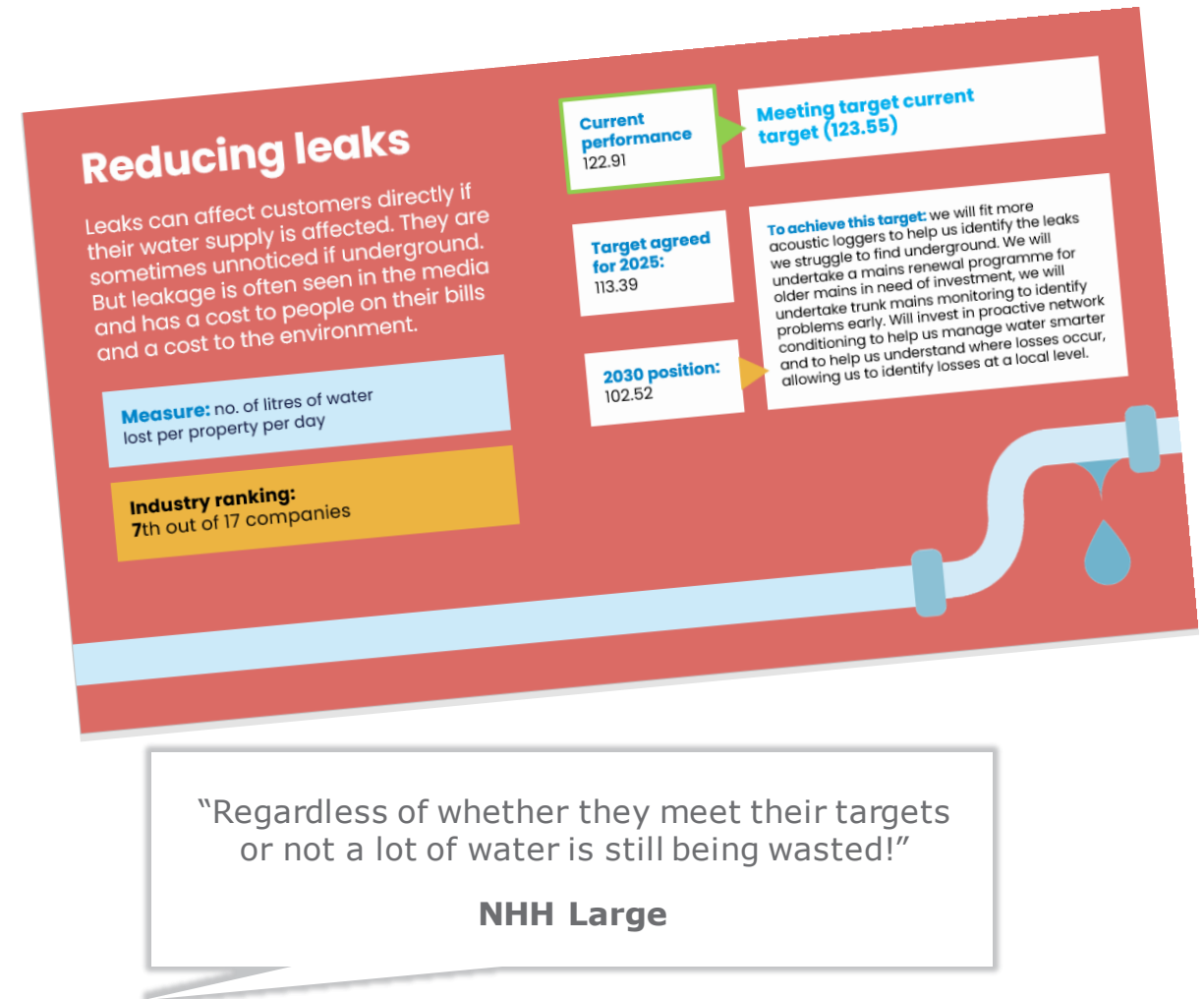
"I mean that's great, it's really positive to see that. It does look like they're hedging their bets a bit on the targets"

NHH Large

Reducing leaks

Customers feel this is an important area to tackle as they believe in the long term this impacts their bills and the level of wastage frustrates customers (particularly NHH customers).

- A number of customers attribute leaks to perceived previous lack of investment to upgrade and replace pipework and infrastructure.
- Some question exactly how Yorkshire Water can effectively monitor and measure leakage at the moment.
- Some customers want more information to better quantify the problem e.g. how many kilometres of pipework there are in Yorkshire, how do the number of litres lost per day equate as a percentage of total litres used etc.
- There is general acceptance around the plan for meeting targets and the methods proposed, some do question how much these methods have been used previously and if not why not.
- Even if targets are met, the levels of leakage are still noted to be too high for most customers.



Pollution

Often a key area of focus and currently a bone of contention for many customers. Customers generally feel performance in this area is not good enough.

- Reasons given for missing this target are described as “inexcusable”.
- Customers often feel that targets here should be stricter and more ambitious.
- They also feel there should be greater penalties in place for underperformance.
- The reasoning given around regulatory changes making targets harder to achieve does not sit well with customers.
- There is general acceptance of the ways and means Yorkshire Water propose to help tackle the issue, but the main thing for customers is to see occurrences almost, if not mostly, eradicated entirely.



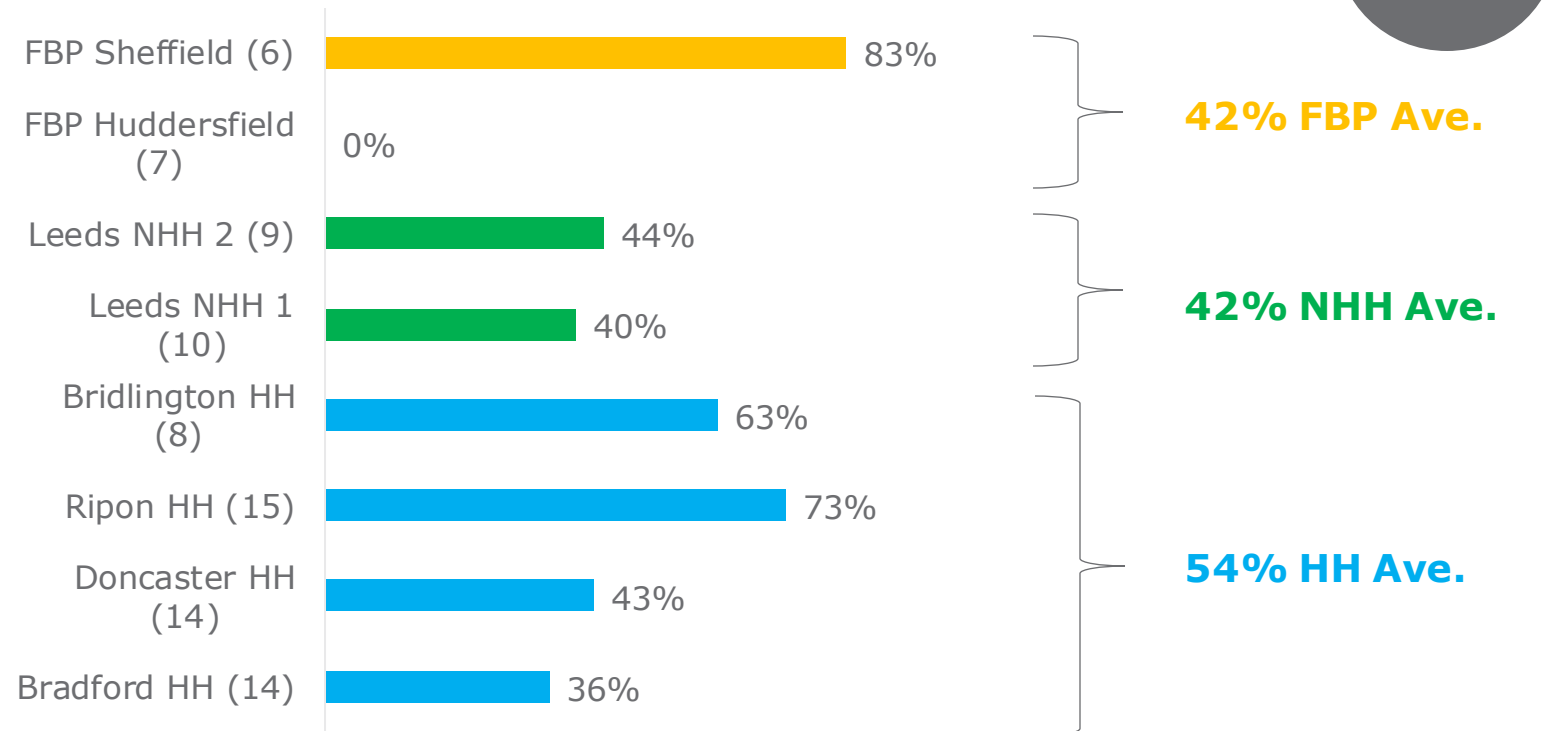
“Pollution levels are a big concern and it’s good to see that being addressed in the plan, especially as the pollution in local rivers is so high”

HH Ripon

Acceptability

Acceptability is very much mixed, with just under half of customers and Future Bill Payers rating the plan as acceptable. Overall acceptability will change when we have final scores.

How acceptable is YWs plan (NET Acceptable) POST-TASK



"A lot of 'aim to', 'enhance' rather than tangible costed plans. This maybe because of limited time + making the presentations easier to understand for all the group. "

HH Bradford

"Too vague, saying 'we will' + not 'we are'. Some areas of improvement should have been done before; why have we been paying for these improvements but none have been achieved."

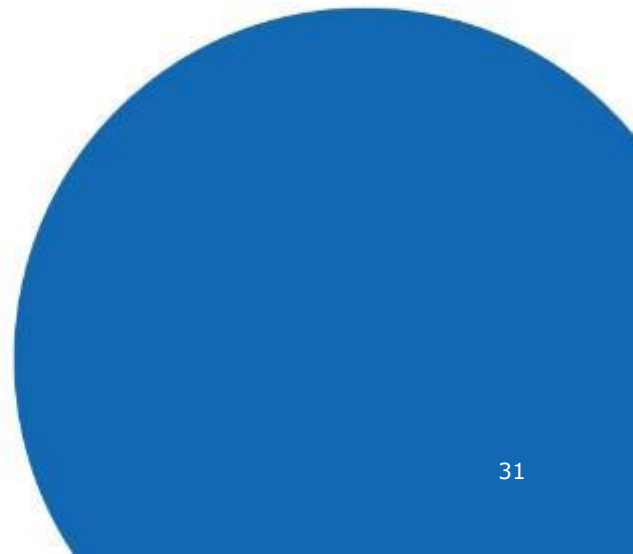
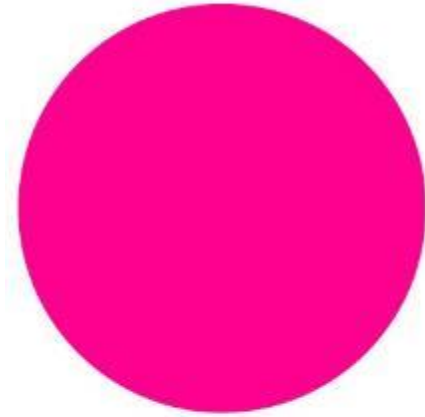
HH Doncaster

"I have not heard anything about the profit contribution to what appear to be laudable aims but which, it could be advised, is what the company should be doing anyway – it's their job. "

HH Bradford

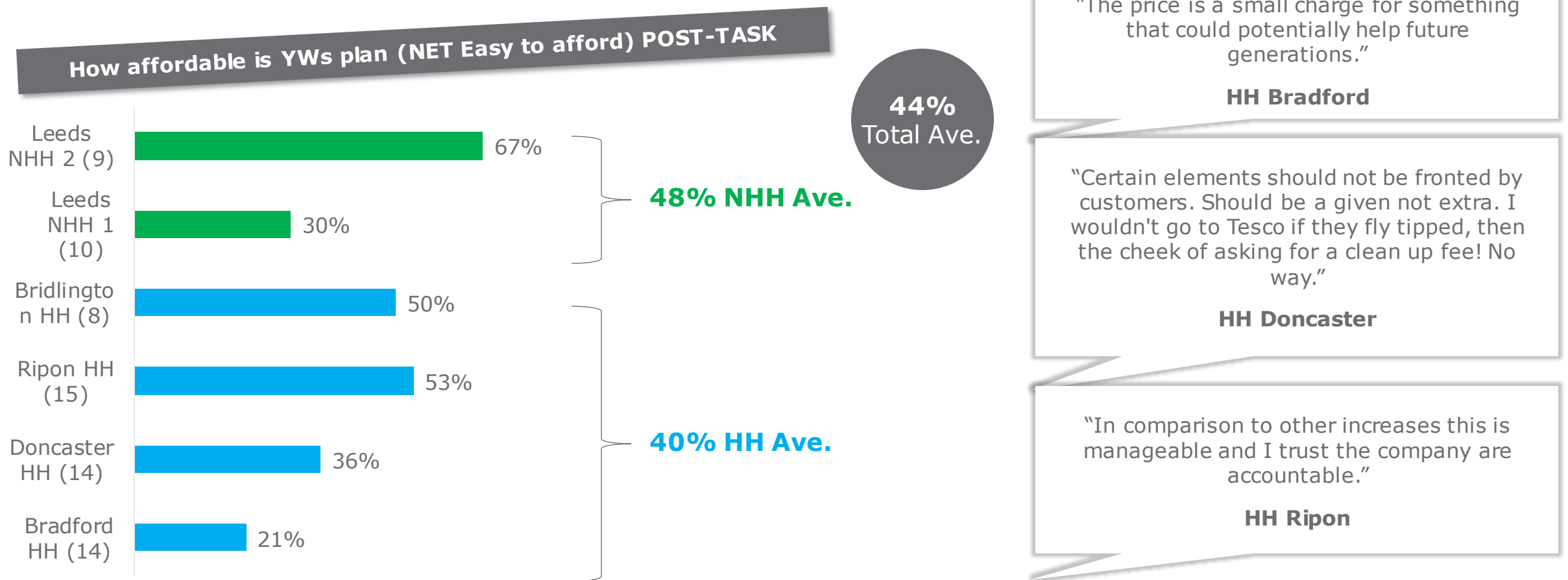
Key findings so far:

5. Bill impact & affordability



Affordability

Affordability currently stands at less than half of NHH and HH customers, total scores will change after vulnerable and NHH depths are calculated.





Drivers for affordability scores

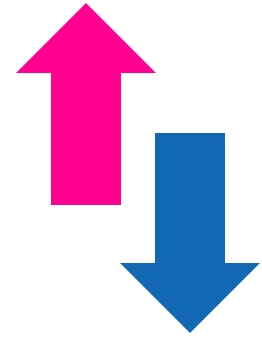
Those who fundamentally disagree with the privatisation of the water industry are more likely to find it unacceptable and those who already find their bills too high or unaffordable at present are also more likely to not accept bill increases of any kind.

However, there is also a significant proportion of customers who are fairly neutral or accepting of the bill impacts as they would **naturally expect bills to rise and many also accept that investments need to be made to help tackle some of the issues** they feel so passionately about.

However, **any increases need to be backed up by significant performance improvements and some customers have doubts as to whether or not Yorkshire Water will deliver the performance** they set out in the plan based on their current performance 'lagging behind'.

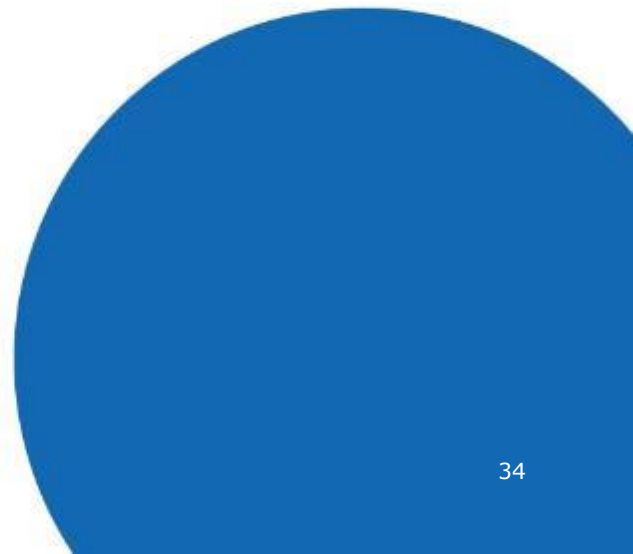
There also appears to be a need for some reassurances made around any increases in bills not leading to any increased profits or pay-outs to shareholders. Customers call for **more transparency throughout the research around profits** and how much of their bills goes towards that. Given the amount of money that some customers have already paid to Yorkshire Water over the years, there are also calls for more information around where money has been spent and what it has achieved to date.

It is fair to say though that **the levelling of bills after 3 years is seen positively by some and many are even surprised to see a levelling of increases.** However, customers are **keen to understand how, if at all, Yorkshire Water are shouldering some of the financial impact of the changes that are required,** given that some of these investments are being made more rapidly in order to address current underperformance.



Key findings so far:

6. Obligatory investment areas & optional investment areas



Obligatory investment areas

As these areas are an obligatory investment, customers do not always have much to say on this area of the research. It feels like more contextual information for them to have to consider (at this point they have already received a lot of contextual information and the cognitive load is quite great).

Sometimes there is confusion around any crossover of investment to related performance commitments previously listed e.g. investment in storm overflows would positively impact pollution targets? And how investment is separated from some of these areas.

There is also some confusion as to why Yorkshire Water need to be forced to invest in these areas and question why investments were not already being made in these important areas.

There also seems to be quite a lot of crossover between these and aspects of the longer-term plan.



"£29 – I'm doubtful that it will cost that little, I think it will cost a lot more. It shouldn't be happening in the first place; we shouldn't have to pay for them not doing their jobs."

HH Bradford

Optional additional investment areas

There are also mixed views on the optional investment areas. In isolation, many customers feel they are quite reasonably priced and worthwhile and beneficial activities to do. However, those who already believe their bill to be too high are often reticent to face more increases than absolutely necessary.

It's fair to say that some customers are keen to make additional investments to see faster and improved performance in these 'worthwhile' areas but there is some doubt raised as to whether or not Yorkshire Water will actually achieve what they promise, even if customers do pay extra

Again, current performance levels appear to cast doubt on the confidence customers have in Yorkshire Water to meet the performance levels they promise. There perhaps needs to be some reassurances made around potential rebates or reductions if Yorkshire Water decides to proceed with these investments but does not achieve what it sets out in the plan e.g. are these subject to OFWAT's penalties system if they are additional performance areas?

Some customers also express the view that these are activities and areas that Yorkshire Water should already be making the stated improvements in using the current revenues received through bills.



"I know you want a yes or no answer but the maths doesn't add up, if there's confirmation that the figures shown here are 100% correct then I'd be happy to pay for these additional upgrades."

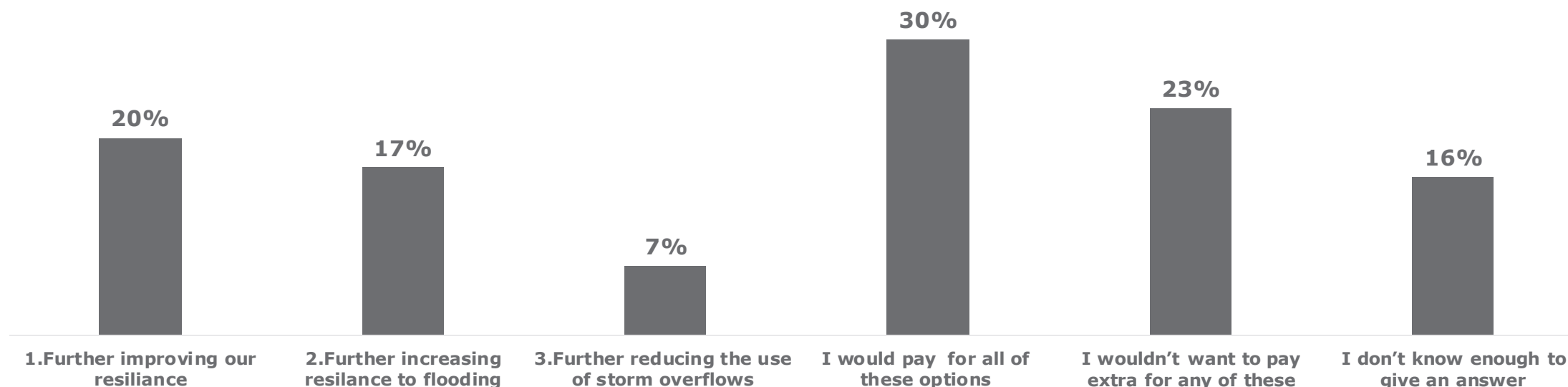
HH Ripon



Optional additional investment areas

There is a reasonable interest amongst customers and future bill payers to invest in at least one of additional investment areas. Those that don't support additional investment often cite that they want to see YW carry more of the burden for additional investment rather than passing it onto the customer. NHH customers are less likely to want to invest because they often view the options to be of more benefit to households or citizen focussed benefits.

Total N=83	61% in total would pay for at least one optional extra
	57% of HHs would pay for at least one optional extra
	47% of NHHs total would pay for at least one optional extra
	100% of FBPs total would pay for at least one optional extra





Drivers for willingness to invest in optional investment areas

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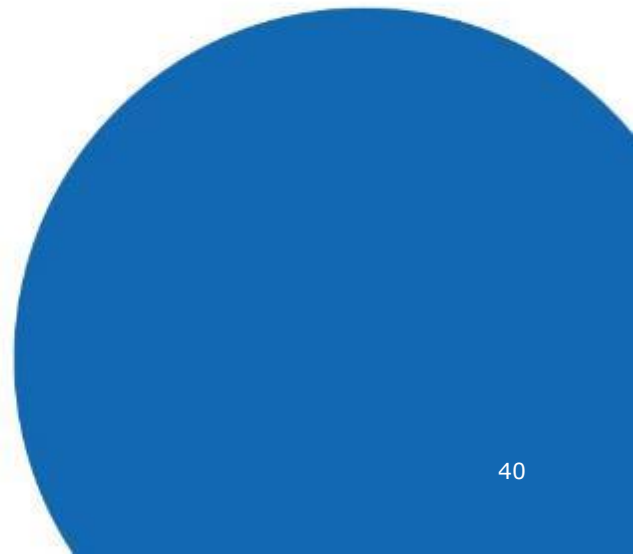
Some customers also express the view that these are activities and areas that Yorkshire Water should already be making the stated improvements in using the current revenues received through bills:

"I feel like these should already fall within Yorkshire Water's baseline responsibility."

HH Bradford

Key findings so far:

7. Support for vulnerable customers



Range of support available

Customers are generally very supportive of Yorkshire Water offering and investing in a range of ways to support customers who may be financially vulnerable. However, many customers raise concerns that current ways of supporting customers are reliant on the receipt of certain benefits and as customers noted, many people are struggling with bills at the moment even when working full time and not being in receipt of any benefits.

Some questions are also raised about how pro-active Yorkshire Water are at promoting these financial support schemes, with some customers who are currently already struggling to afford their bills noting never having heard of or been offered any support in the past.

One positive area raised is the cap that Yorkshire Water can place on bills for health vulnerable customers who need to use increased amounts of water. This is felt to be a particularly important and worthwhile support activity.

Helping customers who are struggling to pay their bills

Yorkshire Water are proposing to support around 150,000 households per year with financial support tariffs and schemes.

The schemes include:

WaterSure (which is a national tariff) The WaterSure tariff helps if you're on a lower income and if use more water than the average household. It works by capping your yearly bill regardless of the amount of water you use.

Debt schemes: funded by Yorkshire Water (essentially write-offs of debt).

Social tariff, WaterSupport, is funded by Yorkshire Water and customer cross-subsidy. Yorkshire Water are one of the few companies that contributes and are proposing to continue the £2m per year investment. Latest research conducted by Yorkshire Water with customers confirms customers are willing to contribute up to £6 from their annual bill for this.

Metering: this is one of the best options for customers but requires more engagement and cost to buy and fit meters which requires investment from Yorkshire Water.



"It's not sufficient – I have a half decent job, I'm good with spending and I'm still struggling."

HH Bradford



Views of vulnerable customers on services & support available

We have so far experienced mixed reviews of the support Yorkshire Water offer to vulnerable customers we have spoke to.

None of the health customers we have spoke to have benefited from any services available on the PSR despite being signed up to it, this was sometimes because they didn't need any support but also two customers who felt the service they received was no different despite being in need of support with their supply at times (which they rely on for incontinence).

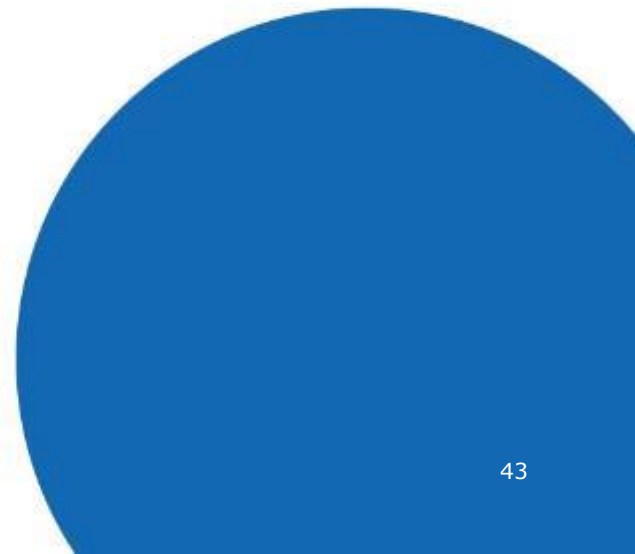
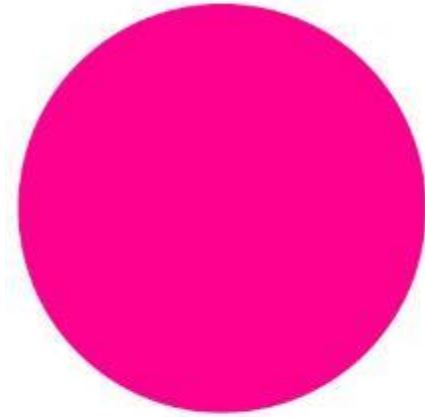
Those we have spoken to with health vulnerabilities are often also in difficult financial situations and perhaps would benefit mostly from support with bills but either hadn't been offered support or where they had accessed the support really struggled to prove their eligibility (in one case to the extent where this had negatively impacted their wellbeing).

Vulnerable customers themselves also mention feeling the onus was on them to find out about support services, including the PSR and were not proactively offered or made aware of the services.

"I feel that they are not doing anything for their vulnerable customers. There should be a separate customer line for vulnerable category individuals with reps who are aware of the documentation needed as they have not been helpful. I've never been contacted about support available. I found out about the priority registry and financial support from a nurse, rather than Yorkshire Water."

Health vulnerable customer, Social Tariff

Summary & recommendations for the quantitative phase





In summary...

When customers see that Yorkshire Water are 'lagging behind' it raises initial questions about investment, what Yorkshire Water are doing, and why they are in the position they are, which in turn appears to **impact views on Yorkshire Water's business plan going forward**. On the more positive side though, bills are still generally thought to be affordable for many – especially when compared to energy, so there is still some goodwill, and a sense that personal experience doesn't necessarily match what the PC measures are showing.

A few (typically NHH and ABC1s) also **question if company by company performance is relevant** and fair – with some (smaller and more densely populated companies) potentially having an advantage in some PCs. However, it does help to paint a picture that Yorkshire Water is not the only water company to be struggling to meet targets in some areas. However, this too **raises questions around the funding and privatisation of the water sector**, a topic and sentiment that appears to be quite top of mind at present for many customers and **exacerbated by recent news coverage on pollution**.

In terms of the business plan, there is a clear **divide between those who feel overwhelmed** and less able to comment in detail on the information presented to them (often lower SEG and vulnerable customers) **versus those who have a desire for more detail** and tangible metrics.

Words like vague, ambiguous and unclear are frequently mentioned throughout and particularly regarding Yorkshire Water's long term plan. There is a sense amongst many ABC1s that they need to know more to make an informed judgement. There is also some **scepticism around the significance and importance of some of the PCs identified by OFWAT** as the focus for this research and also the way in which performance is measured (e.g. disruptions over 3 hours). Customers also often **feel the need to see more historical performance data** to put the targets outlined in the business plan into better perspective. Customers sometimes found the information as to why Yorkshire Water hadn't met a target as interesting context but a lot of the time customers did express the perception that the explanations sounded like "excuses" or "a cop out".



We suggest...



Overall it may be worth **considering how the business plan shown can incorporate more tangible and measurable details** without adding too much extra content, as customers already note being overwhelmed at times by the volume of what they are shown.



You could **consider 'Click here' for more details options** so that quantitative participants can choose how much information they feel they would like to see or need to see. This could be applied to reasons for not meeting targets or to add historical performance data to some metrics shown.



It may be **worth considering the wording used in places to make it less vague and subjective.** It may be worth clarifying where some of the activities YW are proposing are a continuation of current activities or new technologies or efforts yet to be used.



Where possible it may worth being **clearer on YW's financial contribution to what is being proposed** and how YW are shouldering some of the financial burden rather than passing it all onto consumers. Any clarity on profits and bonuses is also greatly desired by customers.