



YorkshireWater

Post Submission WaterSupport Enhancement Research: Debrief

February 2024

Ali Sims, Research Director

asims@djsresearch.com

Emma Lay, Senior Research Manager

elay@djsresearch.com

Jemma Murphy, Research Executive

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

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



JN9438





Objectives, method & sample

Key objective

Moving into the 2025-2030 planning period, Yorkshire Water want to continue to help more customers who struggle to afford their bills.

YW's Affordability team were looking to establish whether or not the current social tariff can be extended in the next business planning period (2025-2030) to a greater number of customers to help address the issue of affordability and ascertain how much more, if anything, customers would be willing to contribute to cross-subsidise the WaterSupport tariff.

Following on from a previous piece of research which was errored, DJS Research were commissioned to re-run the work to provide a representative, robust and accurate view of willingness to pay more.

Method

We have used a combination of **online panel interviews** and **face to face CAPI interviews** for this work to ensure the sample is representative of Yorkshire Water's customer base and to also ensure we have captured a representative proportion of digitally excluded adults (estimated to be around 8% of the UK population).

Customers participated in an interview, including a Gabor Granger pricing exercise, to determine willingness to pay for additional contributions to WaterSupport.

A selection of customers were then asked to participate in a follow-up **depth interview** to further explore their views and answers in the survey.

Sample

1012 x 15-minute interviews conducted with:

927 x Online participants

85 x Offline CAPI (door to door) participants

The sample was split to be proportionately representative of each of the four sub-regions and data slightly re-weighted to ensure absolute regional representation.

10 x depth interviews were conducted with (3x willing to pay £0, 3x willing to pay £0.01-£1, 3x willing to pay £1.01-£2, 1x willing to pay £2+)

Approach

Understanding customer perceptions:

- Firstly, customers were given background information about the different schemes and asked for their initial thoughts.

Acceptance of cross subsidies:

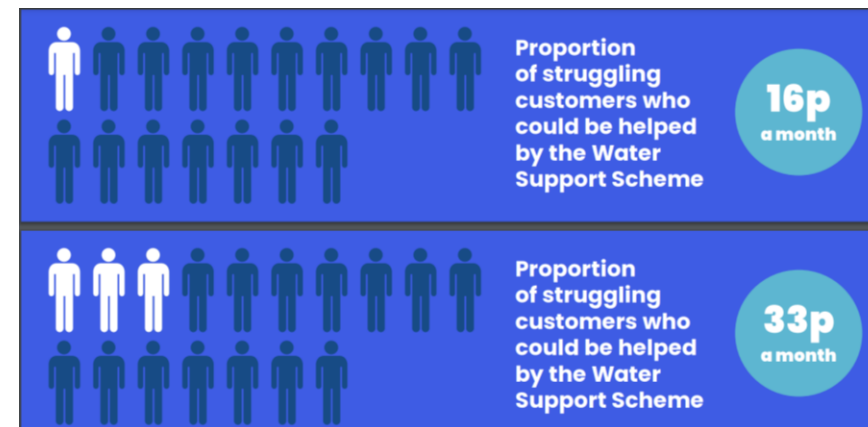
- Customers were then shown an array of general cross subsidies (such as the cost of a postage stamp) and one water specific cross subsidy. They were asked how acceptable they felt each cross subsidy was.

Price point acceptability

- To start, customers were informed of the level of cross-subsidy they are already paying and were given introductory information about how their additional contribution would help fund WaterSupport.
- They were then shown a random price point and were told what percentage of customers this additional contribution would help.
- Subsequently they were shown three other price points and were asked if they thought each additional bill increase was acceptable or not.

Context prior to questioning:

- Throughout the survey, customers were presented with background information about the support that YW offers customers. The information shown is demonstrated through the blue context slides seen throughout this report.
- For the willingness to pay exercise, customers were shown a range of different price points with the corresponding numbers of customers that could be supported with each additional amount per month (see below).





Weighting

The sample achieved matches well against Yorkshire Water's regionally representative demographics. Very slight corrective weighting was applied in-order to ensure that the research sample matched the customer base profile as accurately as possible.

A RIM (Random Iterative Method) weight was applied to match across all the demographic/ household profiles amongst the sample who participated in the research to ensure that all the different groups of customers were represented so that the findings from the research reflect the attitudes and opinions of Yorkshire Water customers.

We checked that the weighting meets all our criteria for best practice.

Weighting efficiency is a measure of the strength of the weights applied to the interviewed sample to match the profile of customers. Efficiency runs for 0% thru to 100%. Efficiency of 100% means that the sample matched the YW customer profile exactly and no weighting was required. The higher the efficiency score, the closer the samples match. An efficiency score which is greater than 70% is deemed to be fit for purpose.

The weighting efficiency for the research sample for YW Social Tariff is 91.9% which is a **very high score** indicating that our sample matched the YW customer profile well in all measures and it is greater than the cut-off-point of 70%, hence the weighting is fit for purpose.

In addition to weighting efficiency, it is also important to look at the actual size of the weights. There are several basic rules:

- No weights should be above 5.0 or close to zero
- The percentage of respondents with a weight greater than 3.0 should be less than 5% of the sample
- average weight for outliers (>2.0) should not exceed 3.0

The maximum weight is **1.80**.

So, the weighting system does not have any weight >5.0 and no weights that have a value >3.0 and no outlier weights. Therefore, **our weighting system upholds all rules necessary for a weighting system to be fit for purpose.**



Sample breakdown

Quotas subject to weighting:

| Regions | Target | Achieved |
|-----------------|--------|----------|
| North Yorkshire | 16% | 14% |
| West Yorkshire | 45% | 45% |
| South Yorkshire | 27% | 28% |
| East Riding | 12% | 14% |

| Age | Target | Achieved |
|--------------|--------|----------|
| Age 16 to 24 | 4% | 4% |
| Age 25 to 34 | 14% | 14% |
| Age 35 to 49 | 29% | 25% |
| Age 50 to 64 | 26% | 27% |
| Age 65 to 74 | 13% | 13% |
| Age 75 + | 14% | 13% |

| Gender | Target | Achieved |
|--------|--------|----------|
| Male | 49% | 47% |
| Female | 51% | 53% |

| Socio Economic | Target | Achieved |
|----------------|--------|----------|
| ABC1 | 48% | 51% |
| C2DE | 52% | 48% |

| Metering | Target | Achieved |
|-----------|--------|----------|
| Metered | 48% | 59% |
| Unmetered | 52% | 37% |

Unweighted/open quotas:

| Billing | Achieved |
|-------------------------|----------|
| £400 or less per year | 42% |
| More than £450 per year | 37% |
| Less than £250 per year | 19% |
| £251-£500 per year | 38% |
| £501-£750 per year | 17% |
| £751 or more per year | 12% |

| Income | Achieved |
|------------|----------|
| Up to £21k | 32% |
| £21-£36k | 27% |
| £36-£73k | 25% |
| £73k+ | 8% |
| DK/NS | 8% |

| Vulnerable circumstances | Achieved |
|-------------------------------------|----------|
| Disability/chronic illness | 22% |
| Learning difficulty | 5% |
| Relies on water for medical reasons | 6% |
| Communication disability | 11% |
| Person over 75 | 12% |
| New parent | 2% |
| English as a second language | 3% |
| Not specified | 4% |
| None | 58% |

*Charts in this slide using the unweighted
Base: All respondents (1,012)



Sample breakdown cont.

Unweighted/open quotas:

| Income fluctuation | Achieved |
|-------------------------------|----------|
| Stays approx. same each month | 71% |
| Varies a little each month | 22% |
| Varies a lot each month | 4% |
| Don't Know/Prefer not to say | 3% |

| Ability to pay bills | Achieved |
|---|----------|
| I never struggle to pay my bills | 38% |
| I sometimes struggle to pay my bills, but I usually manage to keep on top of it | 46% |
| I struggle to pay my bills and I am often behind in my payments | 11% |
| Don't Know/Prefer not to say | 4% |

| Financial stability | Achieved |
|----------------------------|----------|
| Living comfortably | 15% |
| Doing alright | 38% |
| Just about getting by | 28% |
| Finding it quite difficult | 11% |
| Finding it very difficult | 7% |
| Prefer not to say | 2% |

| WaterSupport Scheme | Achieved |
|-----------------------------------|----------|
| Yes, I am currently on the scheme | 5% |
| No, but I have been previously | 6% |
| No, never on the scheme | 85% |
| Prefer not to say | 3% |

| Lives at household | Achieved |
|----------------------------|----------|
| I live alone | 25% |
| My spouse/partner | 61% |
| Friends/housemates over 18 | 2% |
| Children under 18 | 28% |
| Children over 18 | 11% |
| My parents | 6% |
| Other family members | 3% |

●●●

Views on the social tariffs & support schemes more generally

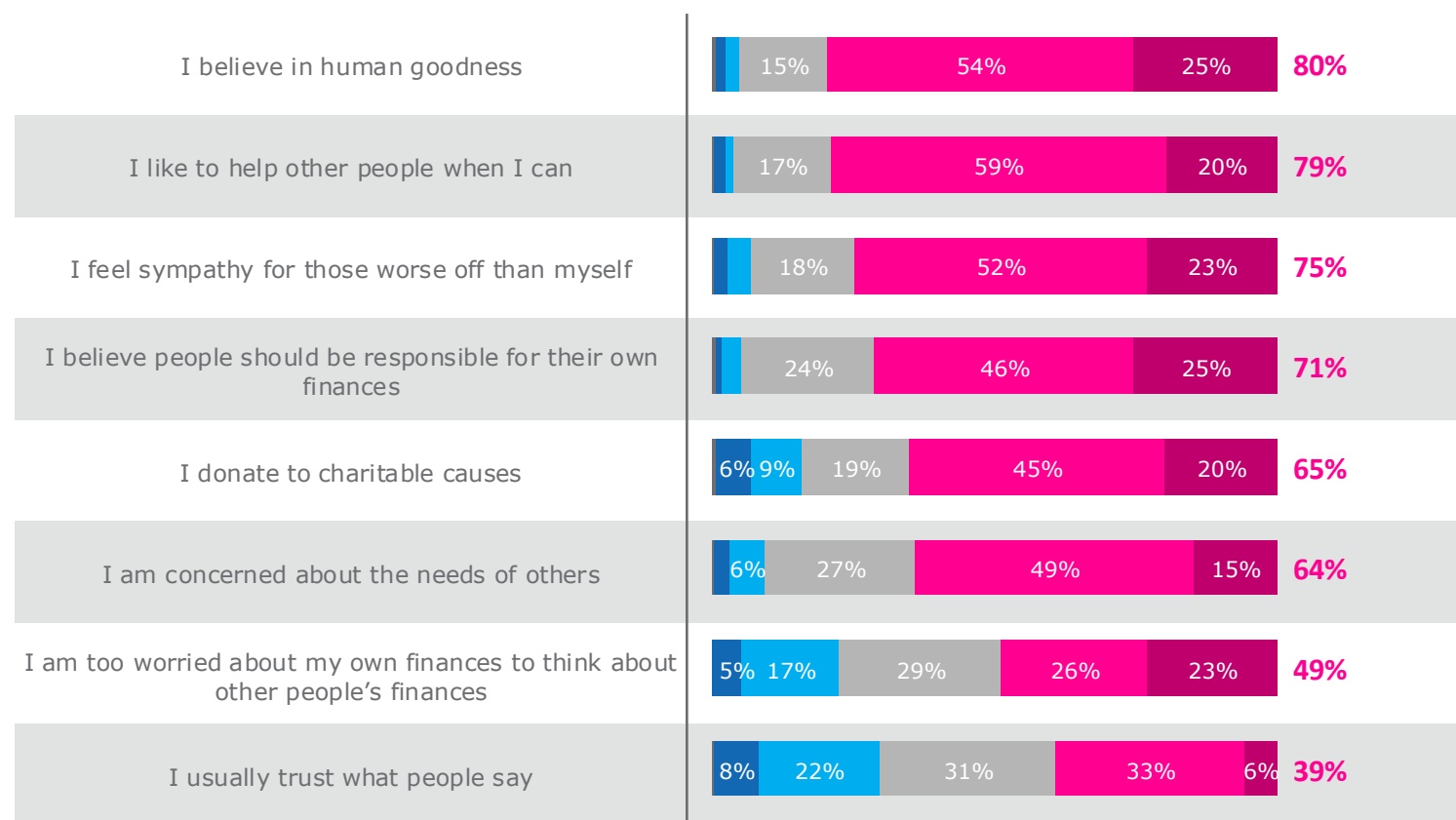




Attitudes towards supporting others

The vast majority of customers say they believe in human goodness and that they like to help others where they can. Three quarters also feel sympathy for those worse off than themselves.

Attitudes towards supporting others in general



Females are significantly more likely to agree that they believe in human goodness than males (84% cf. 75%). Females are also significantly more likely to say they are concerned about the needs of others (69% cf. 59%).

18-24 year-olds are significantly less likely to agree that they trust what people say than 25-34 year-olds (28% cf. 43%).

■ Strongly disagree

■ Disagree

■ Neither/nor

■ Agree

■ Strongly agree

NET: Agree

Customers were given the following information about the different ways in which Yorkshire Water supports customers who are struggling...

Yorkshire Water wants everyone's bill to be affordable. They have a number of ways to help people who are struggling to pay their bill:

WaterSure – A bill cap scheme for customers who have a water meter, claim an income-based benefit and need to use extra water because they have a medical condition or three or more children. Customers save on average £450 per year.

WaterSupport – A bill cap scheme for customers who have a low household income and their annual water bill is more than £350. Customers save on average £232 per year.

Community Trust – A debt support scheme for customers who have arrears with Yorkshire Water between £50 and £2000 and at least one other priority debt.

Water Direct - A debt support scheme for customers who receive a deductible income-based benefit. They can take payments directly from benefits.

Resolve - A debt support scheme for customers who are in arrears with their water bill. Their Resolve scheme provides payment matching to support customers becoming debt free.

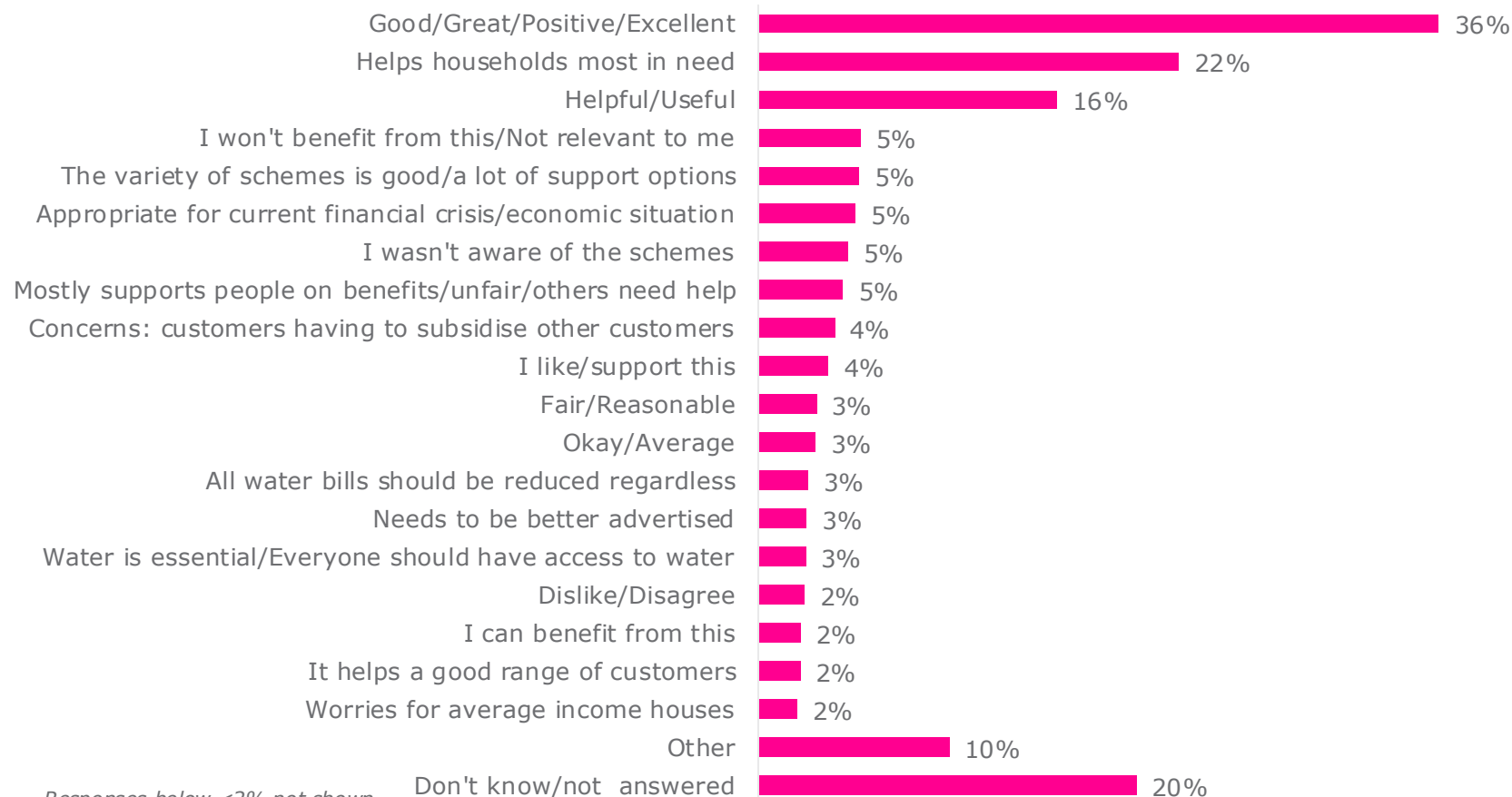
Yorkshire Water directs customers to this affordability help via information on bills and via its website, advertising campaigns and outreach work in the community. There is a freephone number that customers can call too.



Views on YW's support schemes

The top three unprompted responses regarding YW's current support schemes are all positive. Less than a fifth gave a negative response/disagree with the schemes.

What customers think of the ways YW supports customers (unprompted open response)



Responses below <2% not shown
Base: All respondents (1,012)

Females are significantly more likely than males to say the schemes 'help households most in need' (27% cf. 17%). They are also significantly more likely to describe the schemes as 'good/great/positive/excellent' (41% cf. 31%).

Customers were given a description of:
WaterSure
WaterSupport
Community Trust
Water Direct
Resolve

Customers were then introduced to the broad concept of cross-subsidies with the following explanation...

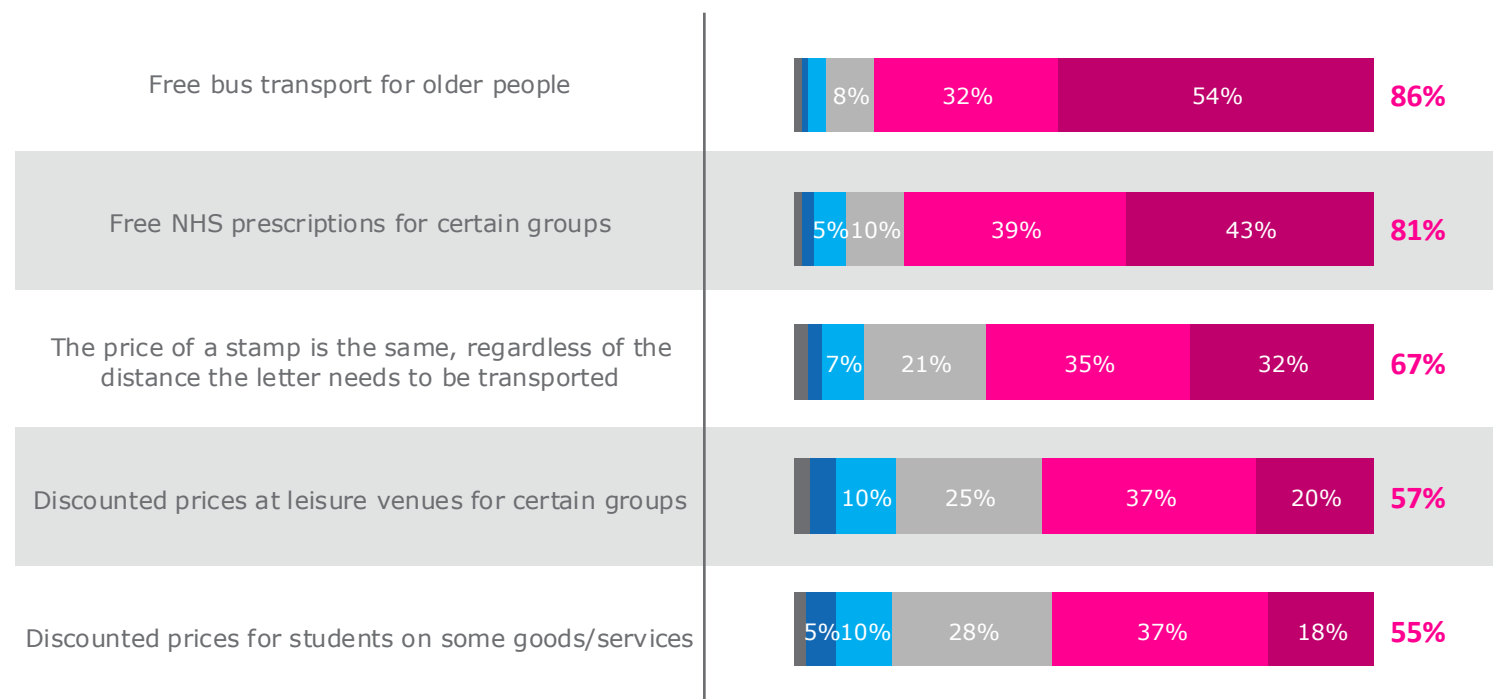
In lots of areas of life, customers pay a little more for a service than it actually costs to provide. The extra money is used to provide services to other customers at a cheaper rate or for free. **This is a called a cross-subsidy.**



Acceptance of cross-subsidies in general

There is majority acceptance for all different kinds of cross-subsidies, those supporting older people appear to be supported more widely than those supporting students.

Acceptability of different general cross-subsidies



"It appears that everyone will have the benefit of at least one during their lifetime."

ABC1, North Yorkshire

"I don't mind discounts for pensioners, but I think people on benefits should still pay for services same as working people"

C2DE, West Yorkshire

"The groups that benefit sometimes need to be more scrutinised as to whether they actually need it."

ABC1, West Yorkshire

■ Don't know ■ Very unacceptable ■ Unacceptable ■ Don't mind ■ Acceptable ■ Very acceptable **Net: Acceptable**

Acceptance of cross-subsidies: Subgroup differences

Despite agreement of subsidies being high overall, demographics further away from being applicable to benefit from different subsidies, are least likely to agree with them.

Free NHS prescriptions for certain groups



Customers aged **35-49** are significantly less likely than those aged **75+** to find free NHS prescriptions acceptable (**78% cf. 89%**).

Customers aged **25-34** are significantly more likely than those aged **75+** to find free NHS prescriptions unacceptable (**11% cf. 3%**)

Discounted prices for students



Females are significantly more likely than **males** to find discounted prices for students acceptable (**61% cf. 50%**).



Customers aged **18-24** are significantly more likely than those aged **65-74** to find this cross subsidy acceptable (**72% cf. 47%**).

Free bus travel for older people



Customers with an annual household income of up to **£21k** are significantly more likely to say free bus travel is acceptable than those with a household income of **£36k-£73k** (**90% cf. 83%**)

Discounted prices at leisure venues

35-49 year olds are significantly more likely than **18-24** year olds to find discounted prices at leisure venues for certain groups **acceptable (62% cf. 46%)**



Customers were introduced to Yorkshire Water's cross-subsidies with the following...

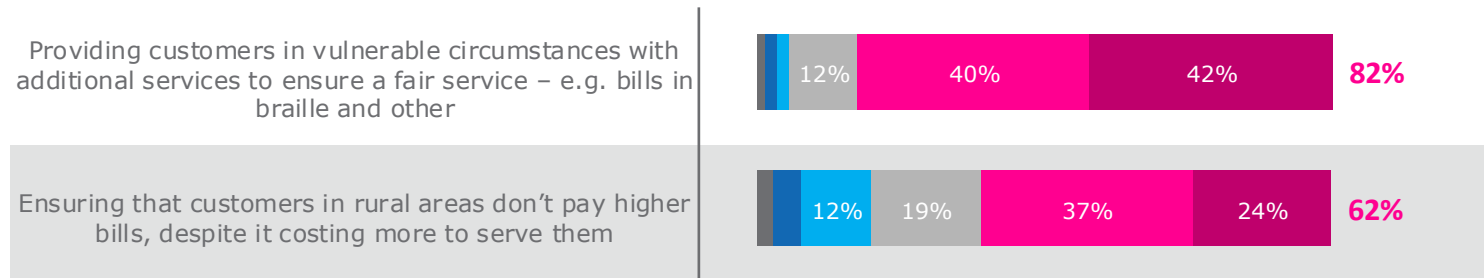
The majority of your water bill is used by Yorkshire Water to treat your tap water so it meets drinking water standards and to take your wastewater away safely.

However, a small amount of the money you pay for your water bill is used to cross-subsidise things.

Acceptance of YW's other cross-subsidies

There are significantly higher levels of agreement with supporting customers in vulnerable circumstances using additional services compared to ensuring bills in rural areas are not higher, though the majority still agree with this subsidy.

Acceptability of YW's cross-subsidies



"Vulnerability should be helped, but people choose where to live."
ABC1, South Yorkshire

"These are good ones - rural areas need to continue as a lot of rural areas could also be areas of importance or simply good places that need water, so this is very acceptable. Same with vulnerable people getting that extra help if they have a disability or other issue that needs extra help."

C2DE, East Riding

Those aged **65+** are significantly more likely to find 'ensuring customers in rural areas don't pay higher bills' acceptable than those aged **35-64 (68% cf. 58%)**.

Those who **struggle** with their bills are more likely to find the concept unacceptable than those who are **comfortable (25% cf. 15%)**.

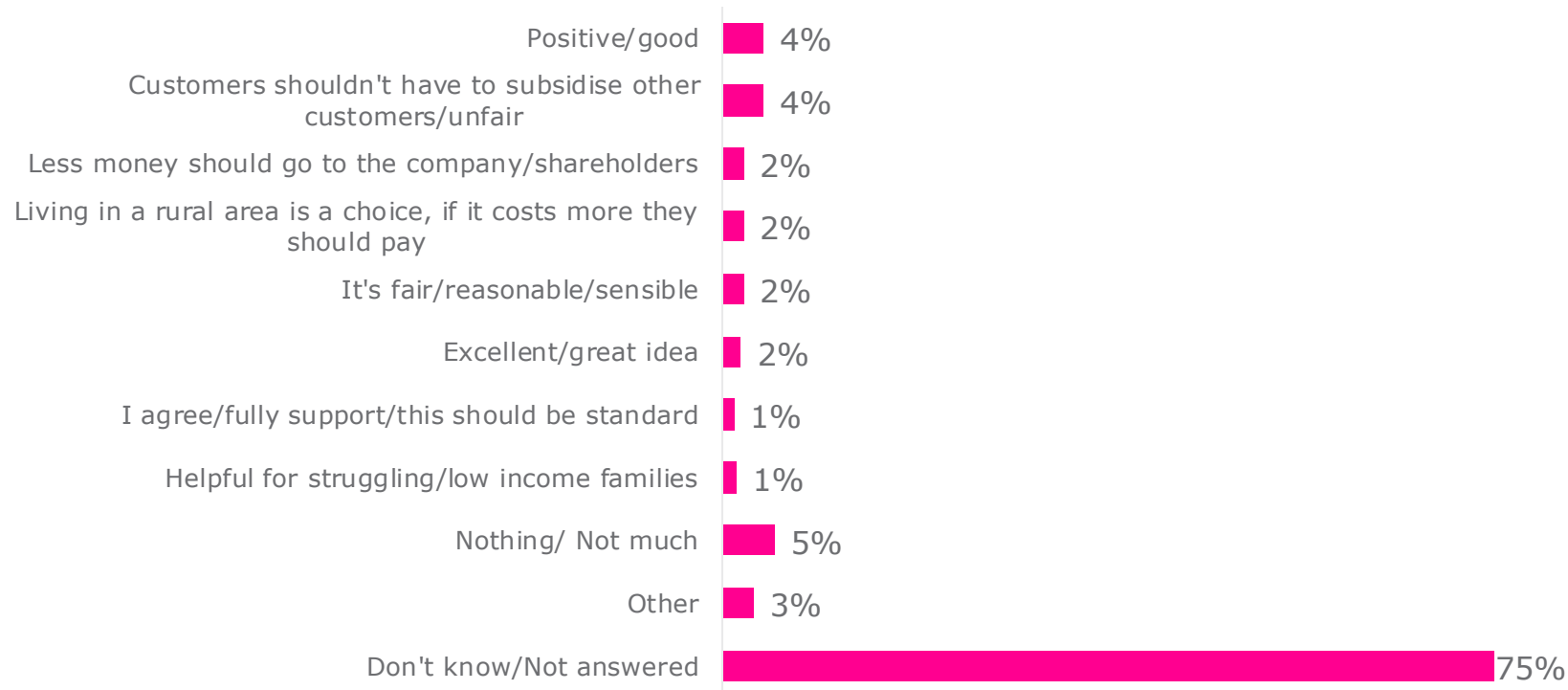
■ Don't know ■ Very unacceptable ■ Unacceptable ■ Neither/nor ■ Acceptable ■ Very acceptable **NET: Acceptable**



Views of YW's cross-subsidies

Around three quarter of customers had nothing to say on YW's cross subsidies, indicating a level of indifference towards them or perhaps it being something they'd never previously considered enough to form an opinion on.

Key views on YW's cross-subsidies (unprompted open response)



Base sizes too small for significant difference analysis.

Responses below <1% not shown



Attitudes towards support for paying water bills

Only a quarter of customers agree that they don't support the idea of helping people on low incomes to pay their bills but over three quarters agree that only customers who have proved they are genuinely struggling should be eligible.

Attitudes towards supporting other customers who might struggle

It's essential that Yorkshire Water keeps bills affordable for everyone



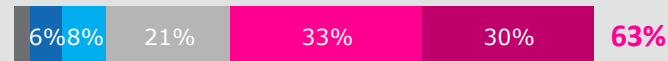
Only customers who have proved they are genuinely struggling to pay their water bills should be eligible for a bill discount



People who are genuinely struggling to pay their water bill should get a discount



Yorkshire Water should automatically register low-income customers onto WaterSupport



Bill discounts for customers who are struggling should not be funded by other customers



It's morally right for customers to help others who are struggling to pay their bills



I don't support the idea of helping people on low incomes to pay their water bills



Males are significantly more likely to agree that 'it's morally right for customers to help others who are struggling' than **females (45% cf. 37%)**.

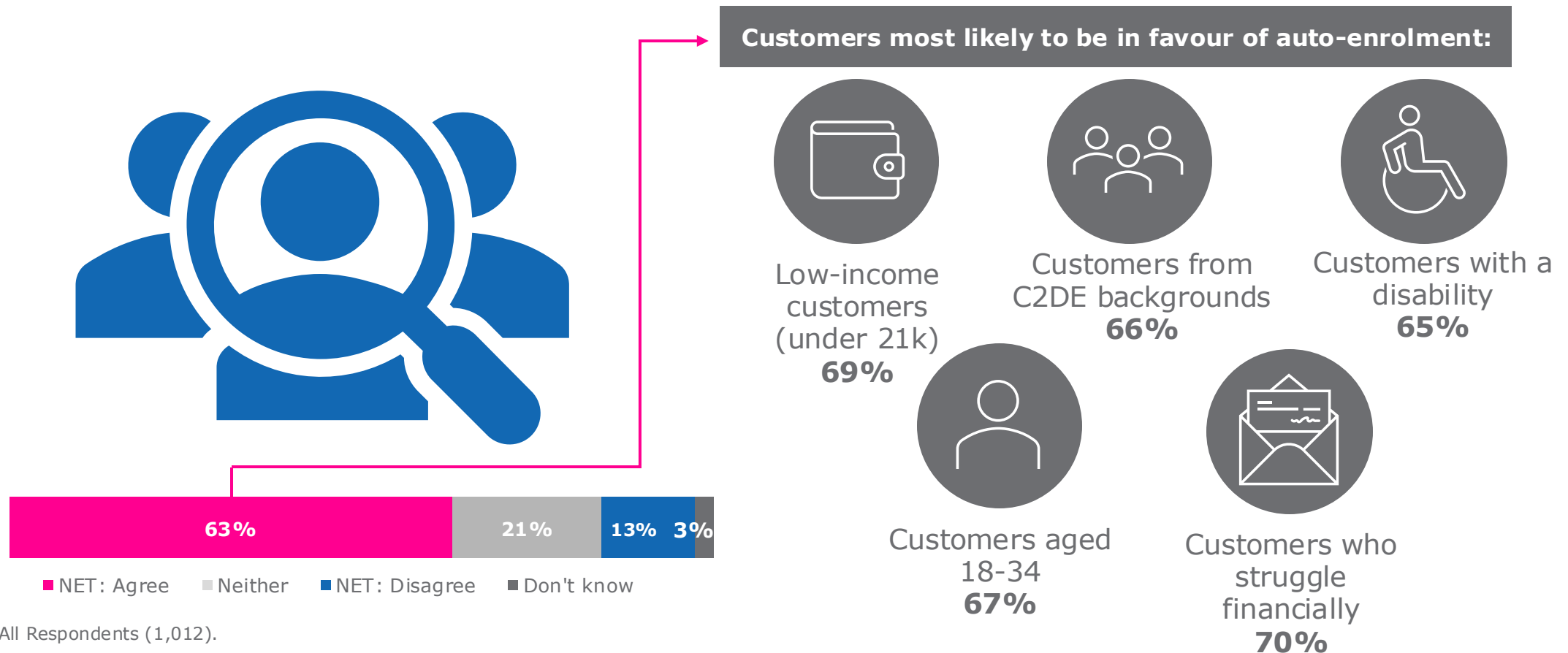
Those aged **18-24** are far less likely to agree that 'only customers who have proved they are genuinely struggling should be eligible' than those aged **25-34 (61% cf. 75%)**

■ Don't know ■ Strongly disagree ■ Disagree ■ Neither/nor ■ Agree ■ Strongly agree **NET: Agree**

Support for auto-enrolment

Nearly a third of customers agree to auto-enrolment onto WaterSupport if they are on a low income. Unsurprisingly, those on low incomes or struggling financially are the most likely to agree as well as younger customers and those with a disability.

Should YW automatically register low-income customers



● ● ●

Views on WaterSupport



Customers were given the following information about WaterSupport...

Yorkshire Water's discount scheme is called "WaterSupport". WaterSupport helps customers on lower incomes pay water charges. If you're on a low household income and your annual water bill this year is more than £350 then you may be eligible for help from WaterSupport to reduce the amount you pay. Customers need to provide evidence of their income and let Yorkshire Water know how many people live in their household to apply.

From 1 April 2023, anyone whose household income is less than £18,000 per year is eligible for the scheme. The income threshold may be higher for bigger households.

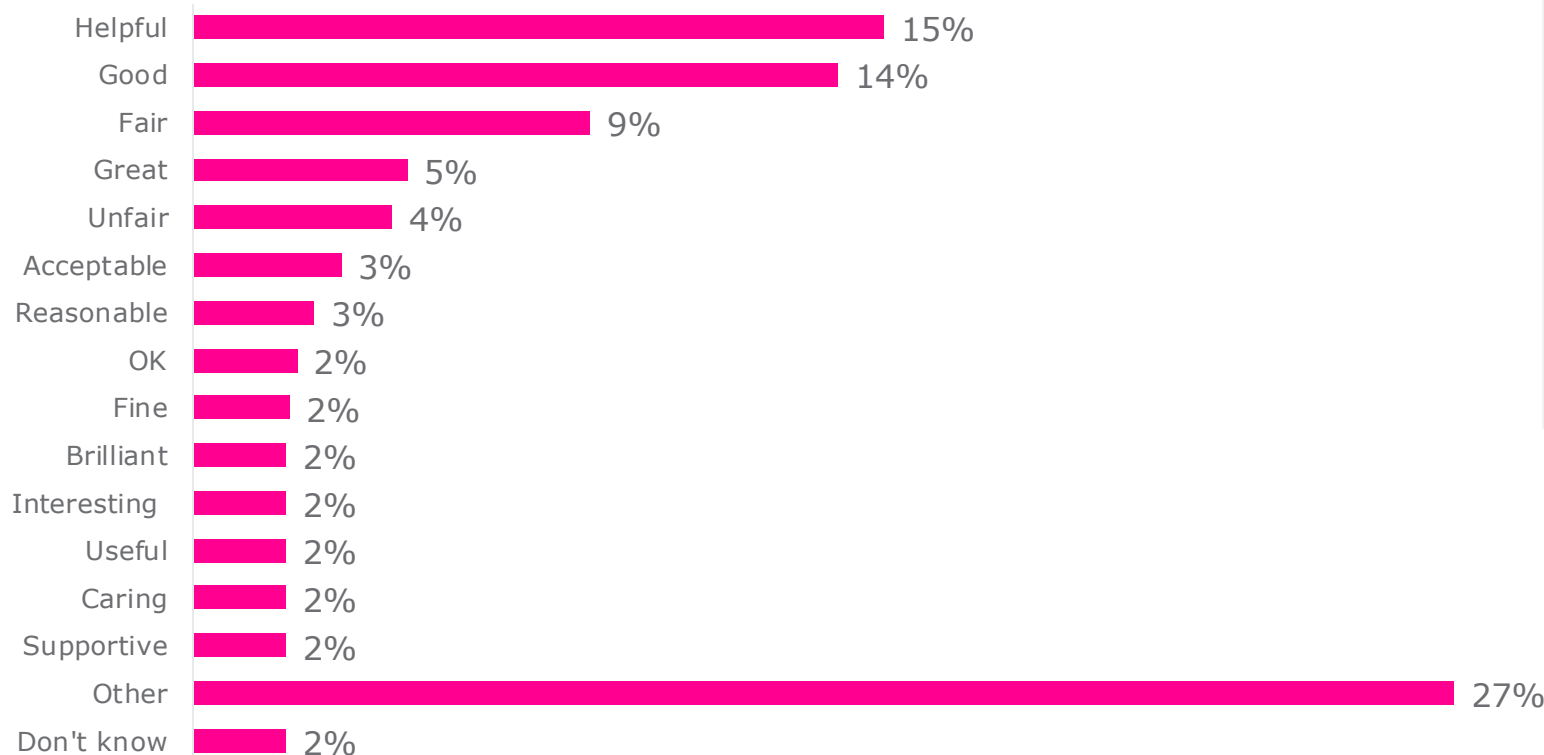
The scheme is funded through a small cross-subsidy on all customers' water bills. In 2023/24, £0.50 per month or around £6 per year, that's 1.3% of the average bill of £446, goes towards funding the scheme.



Describing WaterSupport

The vast majority of top-of-mind words used to describe WaterSupport are mainly positive with words such as 'Helpful', 'Good' and 'Fair' coming through strongest.

Top of mind words to describe WaterSupport (unprompted)



Females are significantly more likely to describe the schemes as 'helpful' than **males (18% cf. 12%)**.

Those in the socioeconomic group **C2DE** are significantly more likely to describe the schemes as 'good' than those in the **ABC1** group (**17% cf. 10%**).

Other responses are a combination of positive and negative descriptions, mostly positive but with slightly more negative descriptions than seen receiving 2%+ (e.g. rubbish, wasteful, expensive, bad etc.)

Responses below <2% not shown

This was followed by information about contributions to WaterSupport...

Yorkshire Water is one of a few water companies that also contributes to their social tariff. Yorkshire Water is providing funding of £10million towards WaterSupport between 2020-2025. This is part of the wider support provided by the company of over £115m in bill reductions and debt support during this time period.

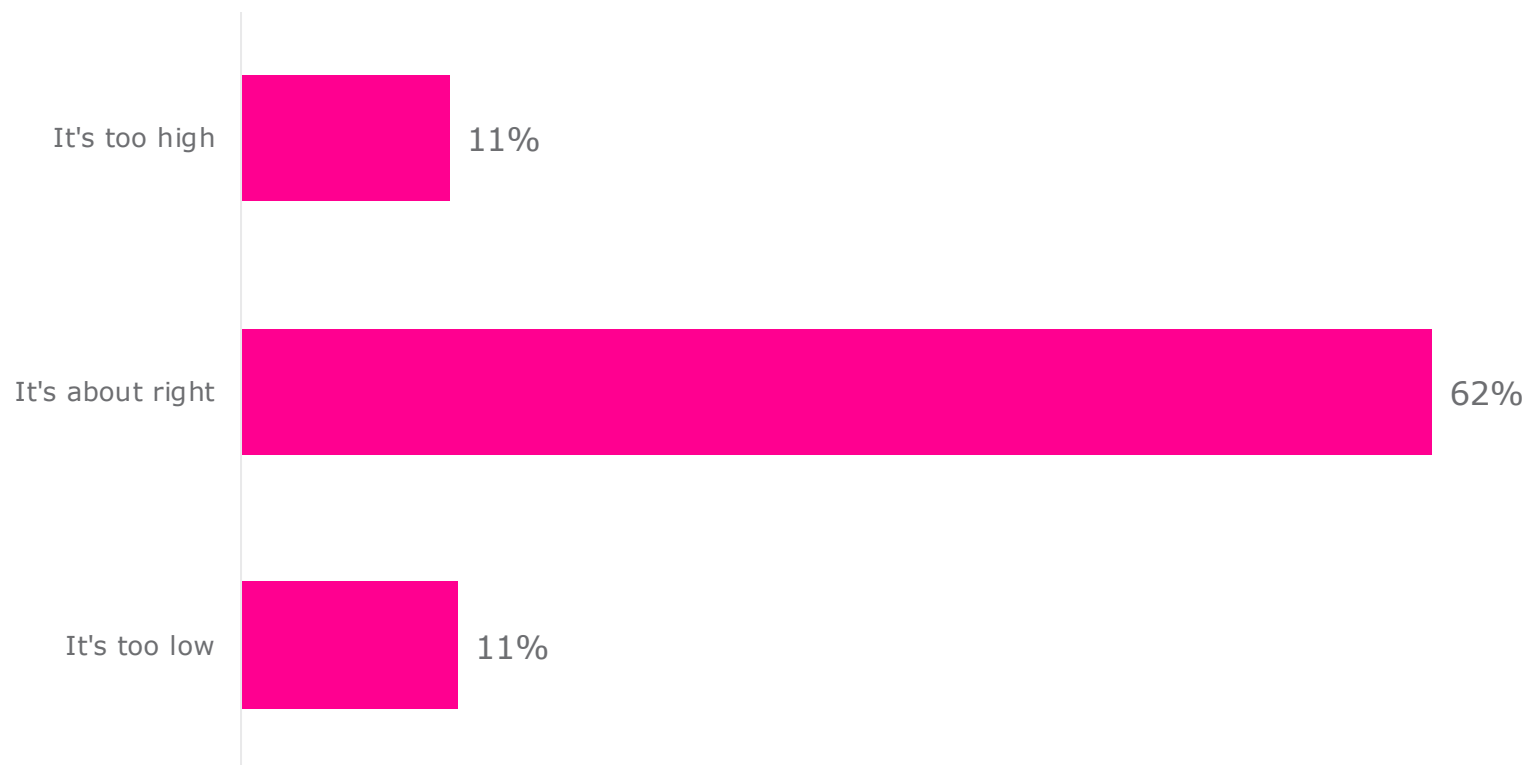
In addition, to help with the cost of living crisis impacting customers, in 2022 Yorkshire Water pledged an additional £15 million to help customers up to 2025, this will provide support to more than 125,000 customers each year.



Views on YW's contribution

The vast majority of customers say that YW's contribution towards WaterSupport is about right, with only just over a tenth believing it to be too low. Younger customers are significantly more likely to believe the contribution level is about right.

Views on the level of contribution from YW



Females are significantly less likely to feel that YW's contribution is 'too low' than **males (9% cf. 14%)**.

Those aged **18-24** are significantly more likely to describe YW's contribution as 'about right' than **all other groups (83% cf. 54%-69%)**.

**Willingness to contribute
towards enhancing
WaterSupport**



Customers were told how Yorkshire Water would like to be able to support more customers...

Yorkshire Water has around 2.4 million household customers and will help approximately 160,000 customers in vulnerable circumstances with affordability support. However, it is calculated through government and Yorkshire Water data that around another 160,000 households (320,000 in total) could potentially be struggling to pay their water bills without help from Yorkshire Water.

To help expand the support offered to customers who need help, Yorkshire Water would like to know if you would be willing to contribute something extra in order to help expand this support starting in 2025. To help with this, Yorkshire Water is proposing to increase its current shareholder contribution to WaterSupport by a further £500,000 per year and providing at least £12.5million for the period 2025-2030.

And then about how YW want to assess potential support from customers to further contribute to expansion...

On the following pages we will show you some different options for increasing the number of struggling people WaterSupport can help through adding a different amount to everyone's bill. We would like you to tell us how acceptable or unacceptable this is to you.

It is important to note that every penny of extra WaterSupport funding would be spent on water bill discounts for Yorkshire Water's most financially vulnerable customers. This money could not be spent on other things and could not be diverted to shareholder dividends or executive pay.



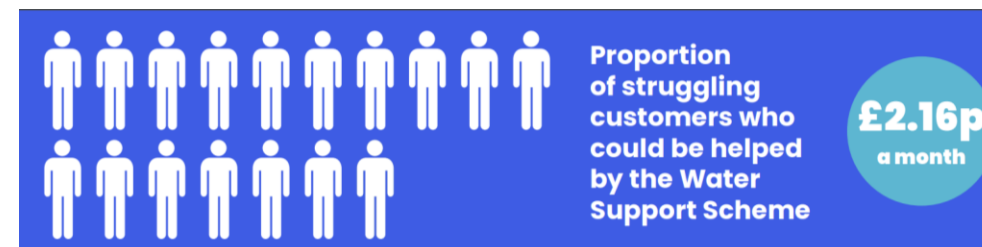
Gabor Granger methodology (II)

After customers were given some background information about WaterSupport they were then presented with a scenario which detailed the bill impact and the number of customers this would help. From 13 potential price points, respondents were shown one; if this was seen as acceptable, they were then shown a higher price point, if unacceptable a lower price point. This was repeated a maximum of three times before respondents were asked what the maximum extra amount, they would find acceptable is. Please see the examples below:

Example 1 - price point 1:



Example 2 - price point 13:





Gabor Granger methodology (I)

The price points shown to customers are shown below:

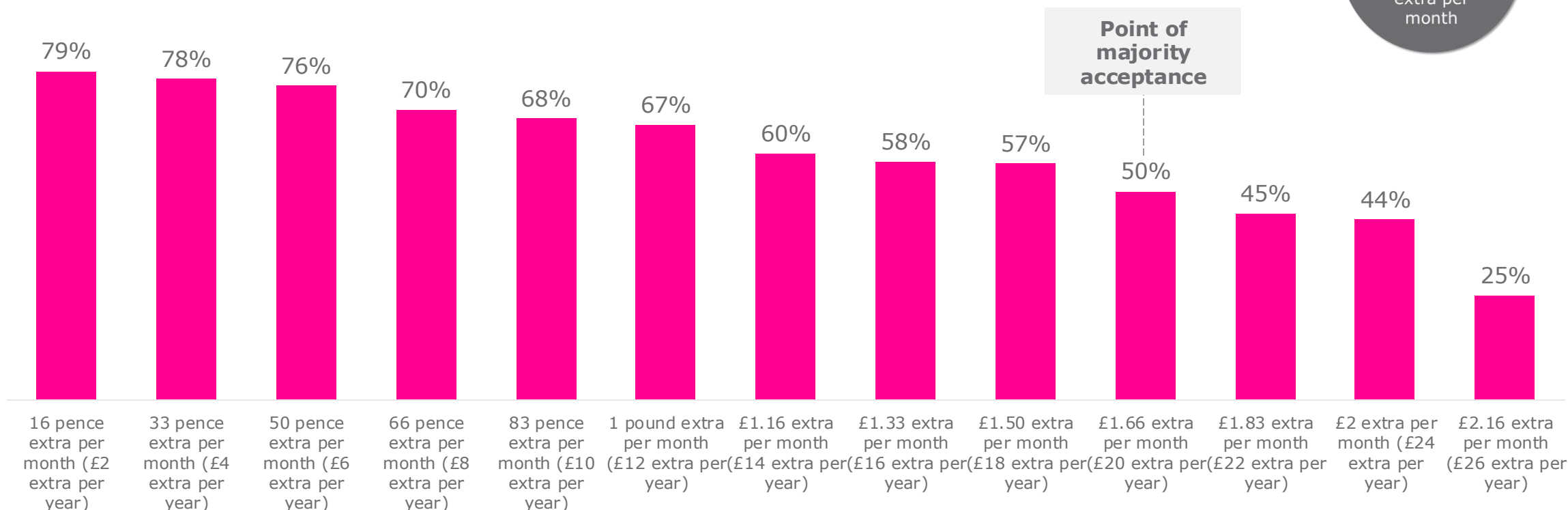
| Price point | |
|-------------|---|
| P1 | 16 pence extra per month (£2 extra per year) |
| P2 | 33 pence extra per month (£4 extra per year) |
| P3 | 50 pence extra per month (£6 extra per year) |
| P4 | 66 pence extra per month (£8 extra per year) |
| P5 | 83 pence extra per month (£10 extra per year) |
| P6 | 1 pound extra per month (£12 extra per year) |
| P7 | £1.16 extra per month (£14 extra per year) |
| P8 | £1.33 extra per month (£16 extra per year) |
| P9 | £1.50 extra per month (£18 extra per year) |
| P10 | £1.66 extra per month (£20 extra per year) |
| P11 | £1.83 extra per month (£22 extra per year) |
| P12 | £2 extra per month (£24 extra per year) |
| P13 | £2.16 extra per month (£26 extra per year) |



Overall acceptability

The vast majority (70%) of customers support an additional contribution of £8 per year, as currently included in YW's business plan. However, there is a case for supporting more people, with the majority of customers accepting all additional contribution price points up to £20 per year. Over a two thirds accept an additional £12 per year.

Acceptability of contribution level

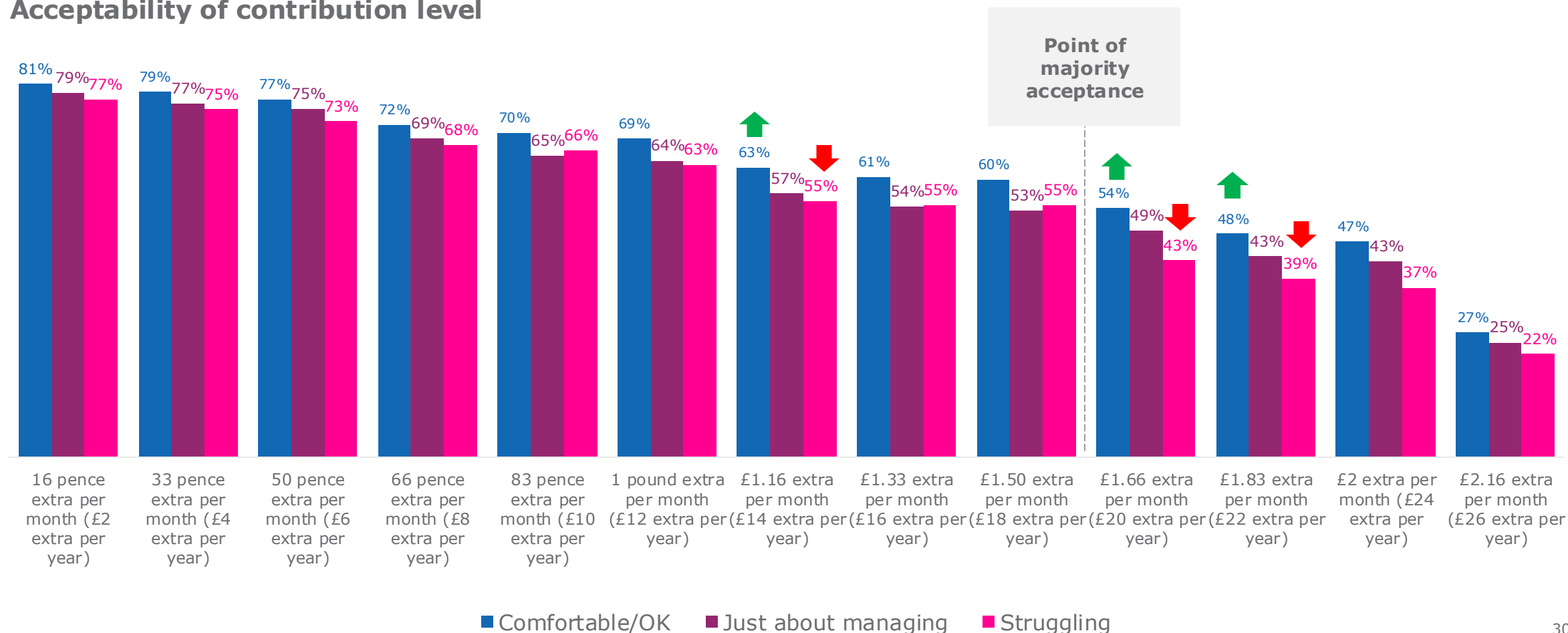




Acceptability by financial situation

Acceptability varies slightly by financial situation, with those living 'comfortably' being more likely to accept higher increases than those who are 'just about managing' or 'struggling'. As seen overall, acceptability gradually decreases with the increase in price, particularly beyond £1.50 per month.

Acceptability of contribution level



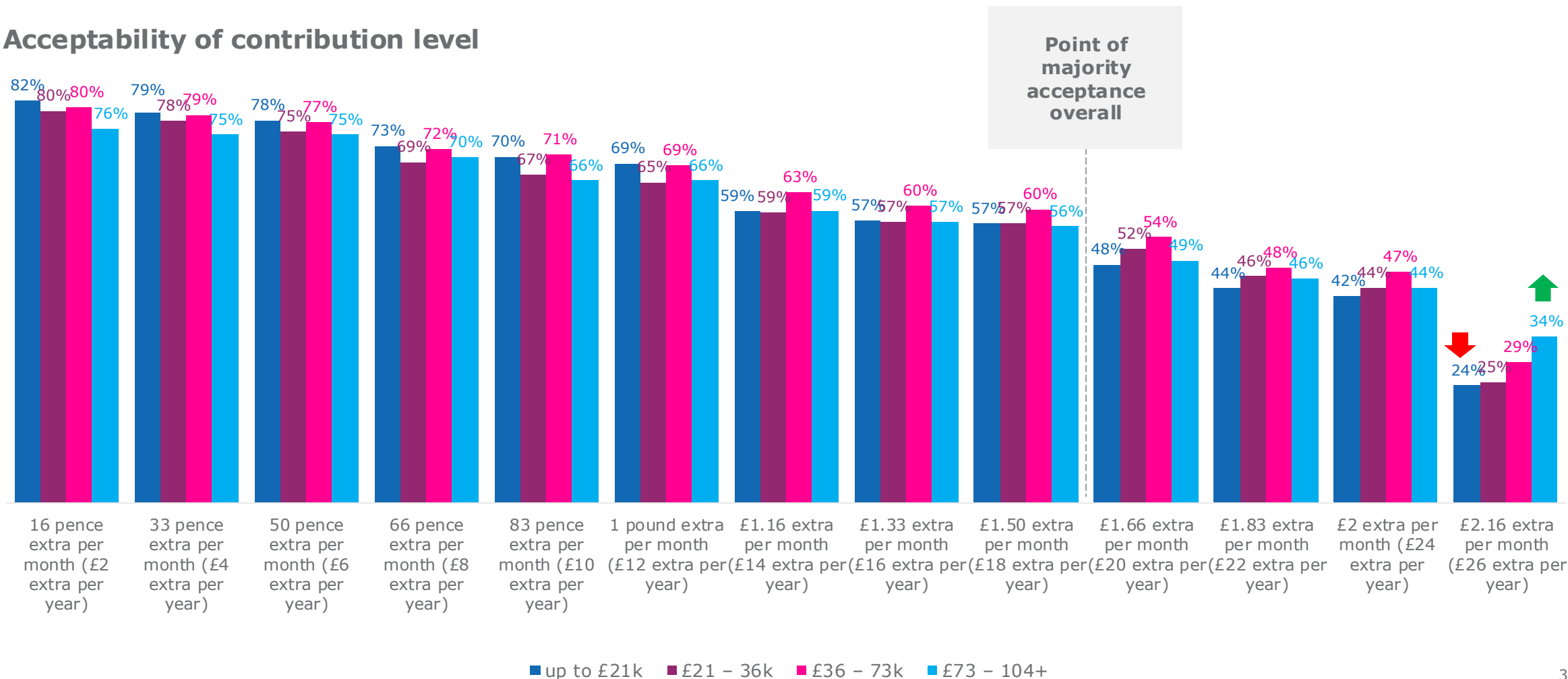
Base: All respondents (1,012), Comfortable/OK (514), Just about managing (291), Struggling (191) Green arrow indicates statistically significantly higher, Red arrow indicates statistically significantly lower



Acceptability by household income (I)

Acceptability by household income varies by price point. At the lower price points, those who are on the lowest income are more likely to accept the increase than those on the highest income, but at the higher price points, this trend inverts itself.

Acceptability of contribution level

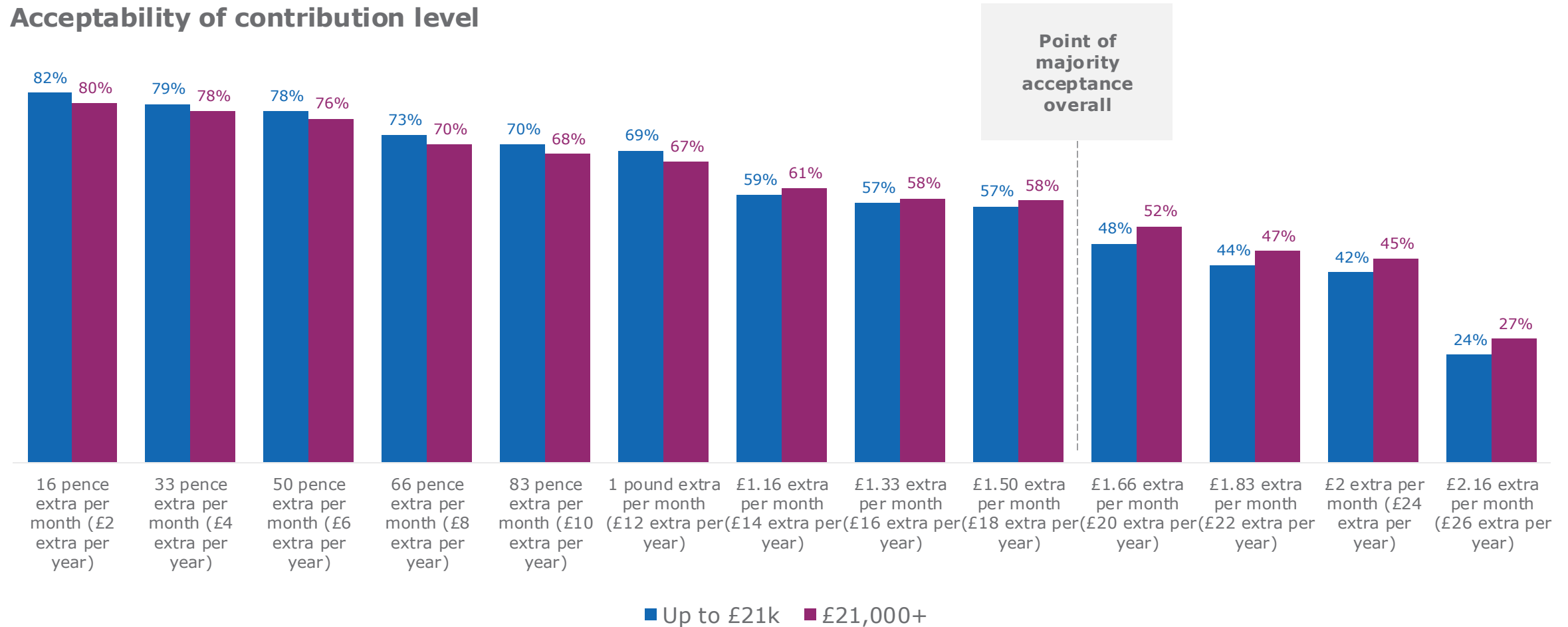




Acceptability by household income (II)

Those on less than £21k are slightly more accepting up until £1.16 per month, whereafter those on upwards of £21k are more likely to accept.

Acceptability of contribution level

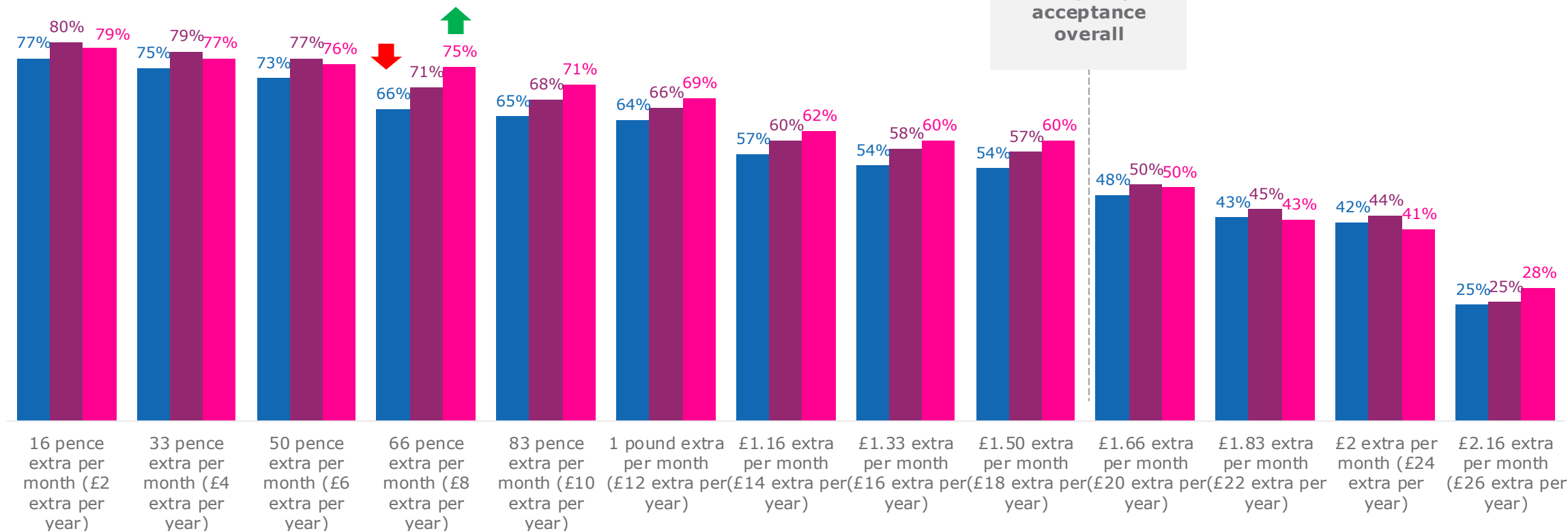




Acceptability by ability to manage bills

Interestingly, those who 'sometimes' or 'often' struggle to pay their own bills are consistently the most willing to help other customers. Those who 'never' struggle are the group least likely to accept price increases at every price point except £2 extra per month, displaying the lowest acceptance level at 12 of the 13 price points.

Acceptability of contribution level



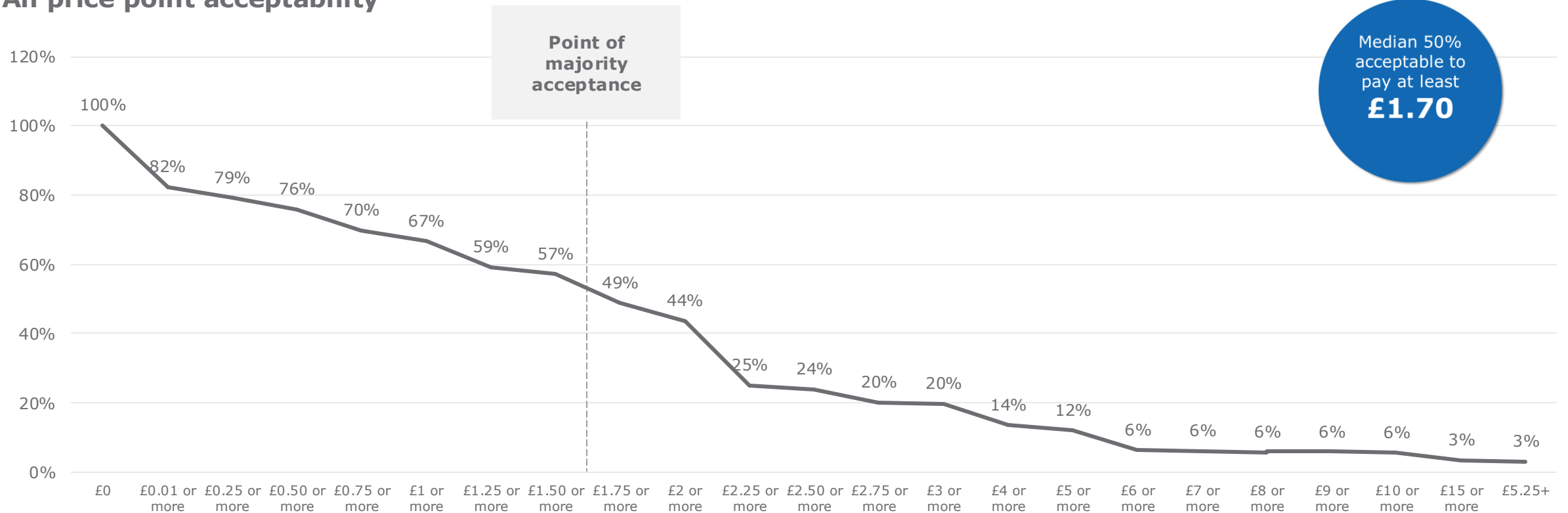
■ I never struggle to pay my household bills ■ I sometimes struggle to pay bills but manage to keep on top of it ■ I struggle to pay my household bills and I'm often behind in my payments

Base: All respondents (1,012), Never struggle to pay bills (373), Sometimes struggle to pay bills (476), Struggle to pay bills (120), Green arrow indicates statistically significantly higher, Red arrow indicates statistically significantly lower.

Overall acceptability: all price points

Using the answers to the fixed price points in conjunction with the answers to the open question, acceptability across the full range of prices can be mapped. Four fifths (82%) of customers are willing to contribute something and over half customers accept £1.50 or more per month.

All price point acceptability





Drivers for willingness to pay more

The maximum amount customers will contribute is heavily dependent on their income with nearly a half of customers claiming that they would contribute more if their income increased. Over a third would be willing to contribute more if YW also increased contributions.

If my income increased

46%

Would contribute more if their income increased



If YW contributed more funds

35%

Would contribute more if YW contributed more



If YW promoted the scheme more

28%

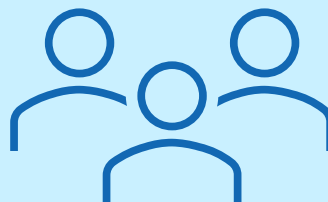
Would contribute more if YW promoted the scheme & how to access it



If YW told customers about the difference it makes

30%

Would contribute more if YW told customers about the difference it makes



ABC1 Customers are significantly **more** likely than **C2DE customers** to say that they would be willing to pay more if their income increased (**34% cf. 27%**).

Older customers (65+) are significantly **less** likely than customers under 65 to say they would be willing to pay more as a result of any of the stated reasons, apart from '**If YW contribute more funds***'.



Drivers for unwillingness to pay

A minority of customers (**18%**) say they would not like to contribute anything extra to WaterSupport. The most common reasons for not wanting to pay more often relate to feelings of unfairness that some customers have to pay for other customers (**75%**), not wanting their bill to increase (**57%**) and not wanting to pay more (**54%**).

I don't think it is fair

75%

Do not think it is fair that they should pay for others



I do not want my bill to increase

57%

Say they do not want their bill to increase



I do not want to pay any more

54%

Say that they do not want to pay more



I cannot afford it

39%

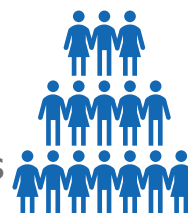
Say that they cannot afford to pay more



I don't want others paying more

33%

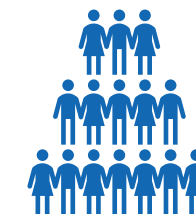
Say that they don't want others' bills to increase, as many are struggling



Scheme doesn't help the right people

20%

Feel the scheme does not help the right people



Willingness to contribute £0: Case study 1

About Leon

- Leon is 45 years old, living a busy life in Wakefield with his wife and 3 children.
- Leon and his wife hold senior positions in the local police force. He enjoys biking and fitness in his spare time.
- Leon combined household income is over £100,000. They lived very comfortably before the cost-of-living crisis and continue to live comfortably now, albeit putting slightly less away in their savings.
- He never worries about paying for bills but doesn't like the idea of being ripped-off, so is conscious of getting value for what he pays for.

Leon is very aware of the negative press coverage around the water industry currently and feels negatively towards the perceived profiteering and lack of investment in infrastructure. He also likes spending a lot of time outdoors so coverage around water pollution frustrates him and impacts his views on Yorkshire Water.

Leon had never heard of the concept of cross-subsidies before and wasn't aware of the concept of social tariffs either. Having come from a disadvantaged background as a child he agrees with the principle of helping those less fortunate and doesn't disagree with the principle of WaterSupport.

"The media fuels that scepticism of 'why should I'? Why should I when they're taking massive dividends and not investing properly. It's take, take, take, then asking for more money from the consumer"

ABC1, West Yorkshire

Leon feels his current views on the water industry impacted his willingness to pay and would be willing to contribute significantly more if YW were performing better. He also feels that the threshold of £18,000 is too low.

"Coming from the background I'm from I'm quite happy helping people as I know I'm very fortunate now but there's got to be justification for doing it. I can't see how anyone is living on £18k though"

ABC1, West Yorkshire

After discussing YW's own contribution to WaterSupport, Leon feels that with better communication, promotion and transparency around company profits and contributions he and others would be more willing to pay extra towards the scheme.

"More openness and transparency, educating people. If I got more of an understanding and felt like they were doing enough then I wouldn't think twice about paying more"

ABC1, West Yorkshire

Willingness to contribute £0: Case study 2



About Linda

- She is 63 years old and lives in South Yorkshire with her husband.
- Linda enjoys gardening and going for long walks in the countryside.
- She once received benefits, but now lives comfortably and never struggles to pay her bills. She is, however, concerned about her children, whose monthly bills have increased by >£300.
- Prior to completing the survey, Linda was unaware of the help available to customers who are struggling.

Linda agrees with social tariffs, but feels that some of the demand for them is caused by poor money management. She feels that people should generally budget better and prioritise essential spending, and that social tariffs are more appropriate for those with medical conditions, for example.

Linda disagrees with cross-subsidies and feels that social tariffs should be funded entirely by the water companies. She feels that customers' finances are already being stretched by the current economic climate and that any additional increases are unacceptable.

"I don't think the pay at the top should be as high. You get too many managers on lots of money, which, if everybody was paid a lot less, that could go back into it, into the scheme."

C2DE, South Yorkshire

Linda's experience of Yorkshire Water has been largely positive, although she feels that maintenance and the fixing of leaks could be improved.

"At the moment, we have a problem with water coming down our road [...] if it's Yorkshire Water, I think they should be doing more maintenance and they definitely should be fixing more leaks."

C2DE, South Yorkshire

Linda was unaware that a proportion of her water bill currently goes towards cross-subsiding social tariffs and thinks it should be an 'opt in' system instead.

"I think it should be your choice."

C2DE, South Yorkshire

Willingness to contribute £0: Case study 3

About Simon

- Simon is 57 years old and lives with his family in South Yorkshire.
- He works at the local university and is a keen fisherman.
- Simon's main concerns are the rising costs of utilities, food, and fuel. Despite the increased bills, he lives within his means to ensure that all of these are paid.
- He was unaware of Yorkshire Water's social tariffs prior to taking part in the research.

In theory, Simon agrees with social tariffs and supporting those in need. However, he feels that, in reality, they are often abused by people who fraudulently claim them. This makes him reluctant to contribute, especially since his earnings are already taxed, and a portion of this tax is allocated to helping those in need.

Simon feels there's a distinction to be made between physical disabilities and mental illness. He also feels that there is a difference between being a single parent and having a large family. In both cases, he sees the former as being acceptable eligibility criteria, and the latter as unacceptable.

"I'm not against the idea of helping people, but it's got to be the right people, for the right reasons."

ABC1, South Yorkshire

Simon feels that people who could do some form of work are being over-diagnosed with mental illness, and that having a large family is a personal choice which shouldn't be subsidised.

"The thing is, having three or more children... if you can't afford it, don't have the children."

ABC1, South Yorkshire

In his capacity as a faculty member at the university, Simon has had nothing but good experiences with YW. However, as a fisherman, he's aware of some bad press that YW has received – although he says this does not affect his perception of social tariffs.

"As a fisherman, I'm quite aware of what's happening nowadays with the dumping of sewage and things like that"

ABC1, South Yorkshire

Willingness to contribute £0.01-£1: Case study 1

About Maurice

- Maurice is 98 years old and has lived alone at his suburban home outside of Leeds since his wife died 10 years ago. His family do not live in Yorkshire.
- He retired only a few years ago, working well into his 90s. Maurice is a pillar of his community, giving much of his time and energy to local charities, causes and groups.
- He lives off his pension (£16-20k). He doesn't struggle to pay bills but lives very modestly.
- He is aware of the concept of social tariffs and that water companies provide them but never looked into the details.

Maurice is charitable by nature and contributes time and money to good causes through his church. However, Maurice also believes, unlike him, that many people do not work very hard or manage their financial affairs as well as they could. He has personally felt the impact of rising costs and has made some small cut-backs to his spending.

Maurice does not disagree with the principle of cross-subsidies of social tariffs and believes it's right that water companies support those who are genuinely struggling. However, he questions how many people are 'truly' struggling and disagrees with some schemes being linked to the receipt of benefits.

"I agree that people should be supported but how many people are on benefits that don't need to be or earn more than they declare?"

ABC1, West Yorkshire

The fact that WaterSupport is based on income is a positive, although Maurice feels £18,000 a year should be enough to afford bills and feels that £350 a year is too high an amount of usage to base the tariff on.

"£350 a year is quite a lot of water. It would be better to encourage people not to waste water first before capping it."

ABC1, West Yorkshire

Maurice regards Yorkshire Water quite highly, feeling the company is very competent and commendable in the way it runs, so he has confidence that Yorkshire Water would manage cross-subsidy schemes well and fairly.

"I have nothing against helping people, it's important to do that, providing they deserve being helped."

ABC1, West Yorkshire

Willingness to contribute £0.01-£1: Case study 2

About Charlotte

- Charlotte is 31 years old and lives at her in Harrogate with her partner and her beloved Whippet.
- She is a technician supervisor in a medical lab, where her partner also works.
- Their combined income is £32-52k. Despite being careful with their money (not going on holidays or going out much). They have really felt the impact of rising prices and are 'dreading' re-mortgaging soon.
- She had no previous awareness of social tariffs or even the principle of cross-subsidies more generally.

Charlotte is acutely aware that if her household is feeling 'the pinch' currently than others less fortunate than they are will be really struggling to keep their heads above water, even more junior colleagues. She strongly dislikes the idea of anyone having to worry about paying for something as fundamental to life as water and to get into water-debt.

Despite having never heard of social tariffs before, Charlotte feels they are great idea. She likes that everyone contributes equally to supporting those in most need, which she deems to be the fair and morally right thing to do. She agrees with them generally and especially in relation to water.

"I'm a supervisor of a number of apprentices who are really struggling so I would like to tell them about this. It's always good to be aware of support systems that are available for people on lower income."

ABC1, North Yorkshire

Charlotte is keen to support schemes such as WaterSupport as she likes that it helps prevent people from struggling and proactively prevents people from getting into debt. Seeing her own father struggle to pay bills due to illness drives her view that people less fortunate should be supported.

"Helping prevent people from getting into debt is super important and it's good to see this positive contribution from Yorkshire Water."

ABC1, North Yorkshire

Charlotte would like to see YW continue to contribute to and expand WaterSupport with the help of customers and for it to be better promoted and communicate transparently.

"I really like the idea of Yorkshire Water being more proactive than some of the other companies to contribute"

ABC1, North Yorkshire

Willingness to contribute £0.01-£1: Case study 3

About Martha

- Martha is 42 years old and lives alone.
- She is disabled and housebound and has carers who visit daily.
- Martha struggles with her household bills but is in receipt of disability benefits and as such, is on a social tariff for water.
- She was aware that there are different tariffs, but she was not aware that these are cross-subsidised by other customers.

Martha generally agrees with social tariffs, but opposes cross-subsidies. She feels that it's unfair for the average customer to be subsidising others, as it isn't their responsibility, and they already pay their taxes. She feels that social tariffs should be funded entirely by the company offering the tariff.

Martha feels that some of the eligibility criteria is unfair on other tariffs. She feels that some people struggle through no fault of their own (e.g. disabled people), while others struggle as a consequence of their own decisions. She feels that supporting those already in receipt of benefits is flawed as she feels some people on benefits could work, but refuse.

"For those that have big families - they've chosen to have the big family. So, you know, if they can't afford to cover the bills, then they shouldn't have a big family."

C2DE, East Riding

Martha lives near the coast and is upset by allegations that Yorkshire Water has been dumping sewage into the water nearby, further driving her view that YW needs to contribute more.

"There's been a big problem with pollution in our sea water, and Yorkshire Water is being blamed for it. It's just started appearing in the last couple of years and it's made the sea water supposedly unsafe to swim in.... you know, when things like that are happening, then we shouldn't be having to pay extra on our bills."

C2DE, East Riding

Martha feels that it would be beneficial for Yorkshire Water to provide more educational outreach and teach customers and school children what they do and how they do it.



Willingness to contribute £1-£2: Case study 1

About Mo

- Mo is 50-64 years old, works in construction and lives alone in South Yorkshire.
- He is also a mature student and enjoys reading, yoga, and running. He plans to run a marathon in Leeds later this year.
- Mo's main goals are to try his best in everything he does and to look after his health and wellbeing.
- He sometimes struggles to afford his unmetered bills and believes these should be based on consumption and occupancy.

Mo agrees with social tariffs and thinks they're a good idea to help people who are struggling. However, he thinks care should be taken to include only those who are 'genuinely struggling' and to prevent misuse by those who seek to take advantage of these schemes.

Mo does not mind helping others, but feels that Yorkshire Water makes enough money and that it should not be reliant on customers to subsidise widening these schemes. He feels that YW should take the money from profits and cap pay rises for the highest-paid staff, as it is in a stronger financial position to fund these schemes than the average customer.

"Let's pass it right down to the back of the pecking order, to Joe Bloggs on the street and charge them - I'm not too keen on that idea."

C2DE, West Yorkshire

Mo feels that the eligibility criteria for the social tariffs could be made simpler and fairer. He feels it would be better to base the schemes off income rather than things like number of children or medical conditions.

"I'm not being harsh here or anything like that. But [medical conditions], that doesn't necessarily mean they've got a shortage of money or need financial help. Wealthy people have medical conditions as well."

C2DE, West Yorkshire

Without any additional context, Mo finds it difficult to determine whether 160,000 customers helped is adequate or whether YW's contribution is substantial.

"It sounds like a lot of money, but then again, you need to draw parallels with the amount of profit that they're gonna make over that period of time you see. So yeah, you got to draw them parallels to be able to say 'this is a reasonable figure' or you know, 'this is meagre in comparison to the amount of profit that they made'."

C2DE, West Yorkshire

Willingness to contribute £1-£2: Case study 2

About Gloria

- Gloria is 69 years old and lives in West Yorkshire with her husband.
- She is retired and enjoys knitting and watching TV.
- Gloria sometimes struggles with her household bills but wants to help others as much as she can.
- She was not aware of the help that is available to customers who are struggling to afford their bills and feels that Yorkshire Water could do more to raise awareness of these schemes, rather than customers having to seek them out themselves.

Gloria feels that social tariffs are a good thing and supports contributing towards them. She thinks that help should be given to those who need it and doesn't mind paying extra per month to fund it – but only up to around £2 a month, as this is a sum that she 'wouldn't notice'. Anything much above that would be an additional strain.

Gloria feels that customers would be more likely to 'buy-in' to these schemes and contribute more if there was more information provided by Yorkshire Water, such as who the schemes are designed to help and how they work.

"They could send out a separate information pack and say 'we are doing this to help x, y and z, and this is how we're doing it.'"

C2DE, West Yorkshire

Gloria feels that the schemes should be widely advertised, and the application process made as easy as possible, otherwise people may not access the help they need.

"The simpler it is to apply, the better"
C2DE, West Yorkshire

On the whole, Gloria has a positive attitude towards Yorkshire Water and feels that both the service and the value for money are good. The only thing she would suggest would be to improve maintenance and the response to leaks.

"They could be doing more on the maintenance side of things and fixing the leaks."

C2DE, West Yorkshire

Willingness to contribute £1-£2: Case study 3

About Katie

- Katie is 32-years old living at home with her 11-year-old daughter and partner in Sheffield.
- She works as a teaching assistant special educational needs school and her partner is a self-employed construction worker who has not had as much work over winter.
- Katie is becoming increasingly worried by the cost of living, with her food costs and heating bills becoming particularly harder to afford despite trying her best to consume less.
- Her priority is to get food on the table, anything more than that sees as a 'bonus'.

Katie had never heard of cross-subsidies or social tariffs before. Upon learning about social tariffs she has mixed views. As she is currently struggling she didn't initially like the idea of paying more for other people's bills but agrees that those who are struggling should be helped, particularly pensioners.

Katie feels that Yorkshire Water providing and contributing towards social tariff scheme is a positive thing and shows that they care. The more Katie learnt about YW's social tariff schemes the more positive she felt towards them.

"It's nice that they offer support isn't it. Just to know it's there if you ever need it is good as a lot of companies wouldn't bother."

C2DE, South Yorkshire

When Katie was younger she accidentally found herself in water debt which she found very frightening and stressful. She wished she had known about the debt support schemes. She likes the idea of bill caps as it would be easier to manage, knowing exactly what the bill will be.

Katie would like to see the threshold of £18k increased as she feels it is no longer reflective of the point when people start to struggle. Katie feels contributing just over a pound extra is a reasonable amount to pay and wouldn't be noticed. She's happy to pay it to support more people

"You can lose a pound behind a sofa and not notice but that pound can help support someone who really needs help."

C2DE, South Yorkshire

Willingness to contribute £2+: Case study 1

About Terry

- Terry is 69 years old living at home alone in Keighley. He has two grown-up daughters.
- Terry earns £11-16k a year running pub quiz nights around the North-West, which is both his job and passion.
- Terry enjoys drinking good beer and chatting with friends at the pub and used to visit his local daily.
- Terry is disabled so can only work part-time currently and has noticed his finances becoming increasingly harder to manage since the rise in energy bills two years ago.
- As a result, Terry now limits his visits to the pub to one day a week and when he's working. Terry says this has made him feel quite lonely at times.

Terry is well-aware of cross-subsidies and has heard about different types of social tariff schemes, including WaterSupport from watching Martin Lewis on TV. He currently benefits from a social tariff through his broadband and telephone provider. Terry's water bill is too low to benefit from WaterSupport.

Terry believes that YW fail to offer anything currently that benefits older, lower income customers such as him who are often living alone and consuming less water. He feels it should be proportionate to usage. He feels the 18k eligibility threshold is fair but should be higher for those with children.

"Well it's just rubbish isn't it. £350 is a lot of water, so not helping many. I think my bill is about £200 a year. Maybe a percentage reduction would be fairer?"

C2DE, West Yorkshire

Terry once found himself in water debt when he was much younger and believes his debt was written off so is a strong supporter of such schemes. Despite struggling financially himself, he tries his best to help others where he can e.g. donating to food banks.

Terry feels it's important to try and expand schemes such as WaterSupport to support as many people as possible. He disagrees with YW making considerable profits from water but says he would still be willing to contribute more in order to help those in need, even though he's counting every penny himself at the moment.

"I like to help where I can. I give to the local foodbank. I'm a real leftie and don't agree with big business but if this is the only way to help expand the scheme than I'm willing to chip in."

C2DE, West Yorkshire



Drivers and barriers explored further

In depth conversations to further explore the reasons and drivers around willingness to contribute revealed some key themes.

Customers often appear to be **initially quite sceptical about paying more to contribute to social tariffs** but in many cases **viewed them more positively after reviewing the information** on what support is available, how they can help, how people are helped and importantly that YW is one of the few water companies contributing.

Recent news coverage around storm overflows, perceived lack of investment and profiteering came through strongly in customers contemplation of how much they would be willing to pay for enhancing WaterSupport, despite being in favour of expanding the scheme more generally.

Most customers believe it is important to help those who are struggling, but many express **concerns around paying for those who may be taking advantage** of such support and not being in 'real need'. **Schemes that are linked to benefits receipt appear to particularly agitate** some customers.

Customers are generally in favour of the way WaterSupport works although some feel that £350 is too high a cap and that **£18,000 is too low an eligibility criteria in the current climate**. Interestingly those earning less than £18,000 did not feel that it was unreasonable.

Awareness of social tariffs generally is very low and customers express a desire to have heard about such schemes sooner. There is a strong **desire for Yorkshire Water to better communicate about WaterSupport** and be clearer on customer and company contributions (e.g. what percentage of profits is contributed rather than amounts in isolation).

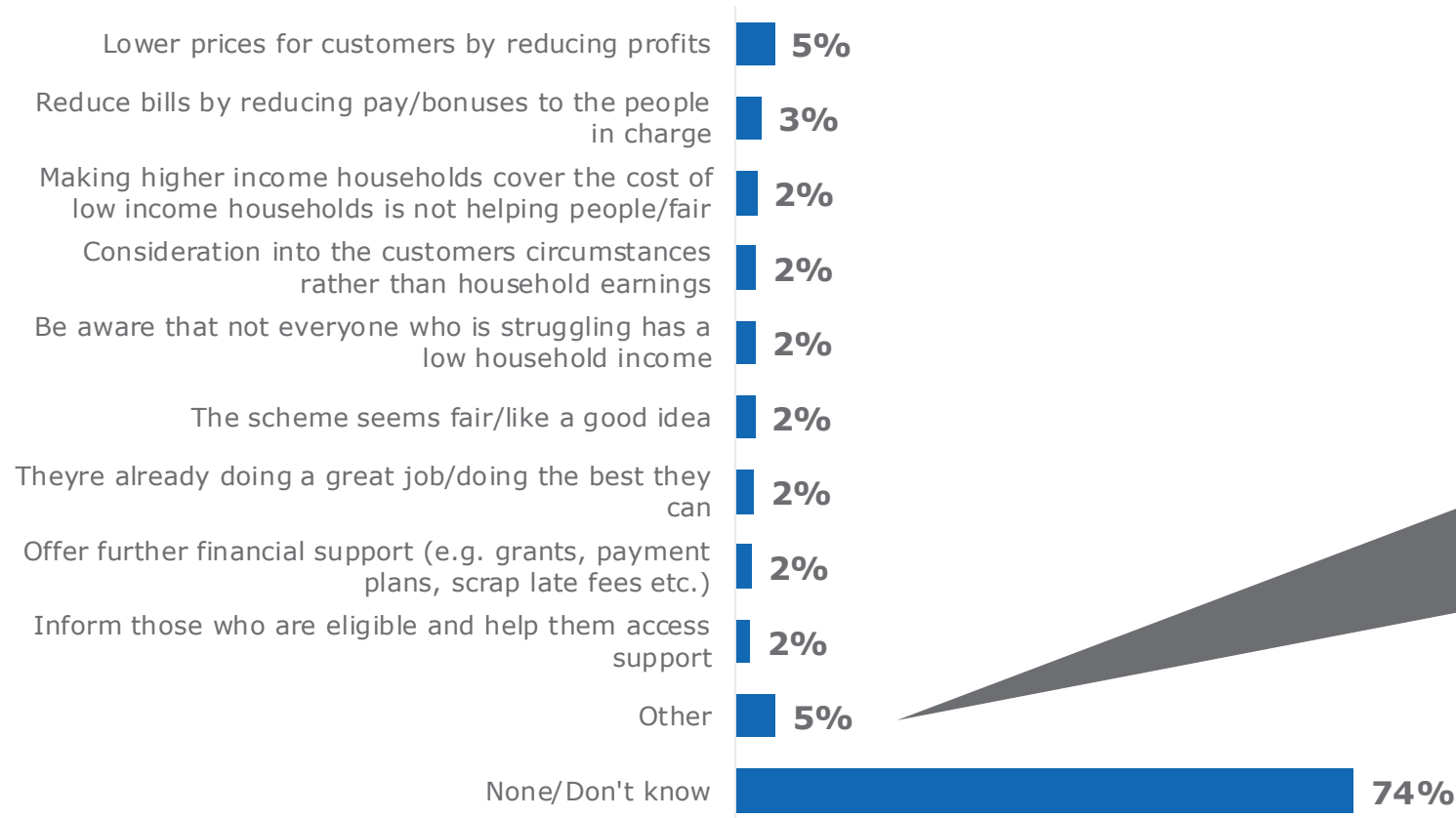
Customers are really feeling the pinch on their own finances and while this may limit the most they are willing to contribute, it doesn't appear to prevent them from wanting to contribute anything extra as **they recognise that many people are likely to be struggling even more so**.



How else can Yorkshire Water help customers

Most customers do not have any further suggestions as to how YW could help those struggling. The most prominent suggestions were around reducing bills across the board by reducing profits or senior stakeholders pay.

Further ways YW can help customers who are struggling to pay (unprompted)



Other responses include a disperse mix of suggestions and comments from;

- noting a general lack of awareness of WaterSupport
- perceived unfairness in how/who support is offered to (e.g. "I don't get any support currently", "I wasn't offered help when I needed it")
- suggestions around increasing metering
- Desires for YW to cover more of the contributions or pay for the scheme entirely



How YW can increase awareness of support

Letters, emails and information on bills were the top channels mentioned spontaneously as the best methods of promoting the ways in which YW can support those struggling to pay.

Further ways YW can promote support (unprompted)



6%

Post/letters



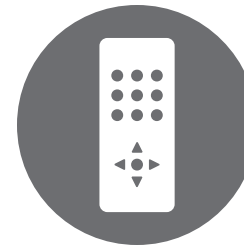
5%

Email



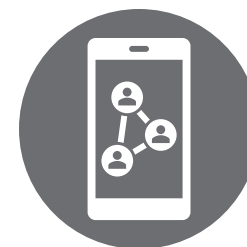
5%

Info on bills



4%

Media ads



3%

Social media



3%

Flyers/
Leaflets



2%

Prioritise informing those
with lower incomes



2%

Prioritise those falling
behind on their bills



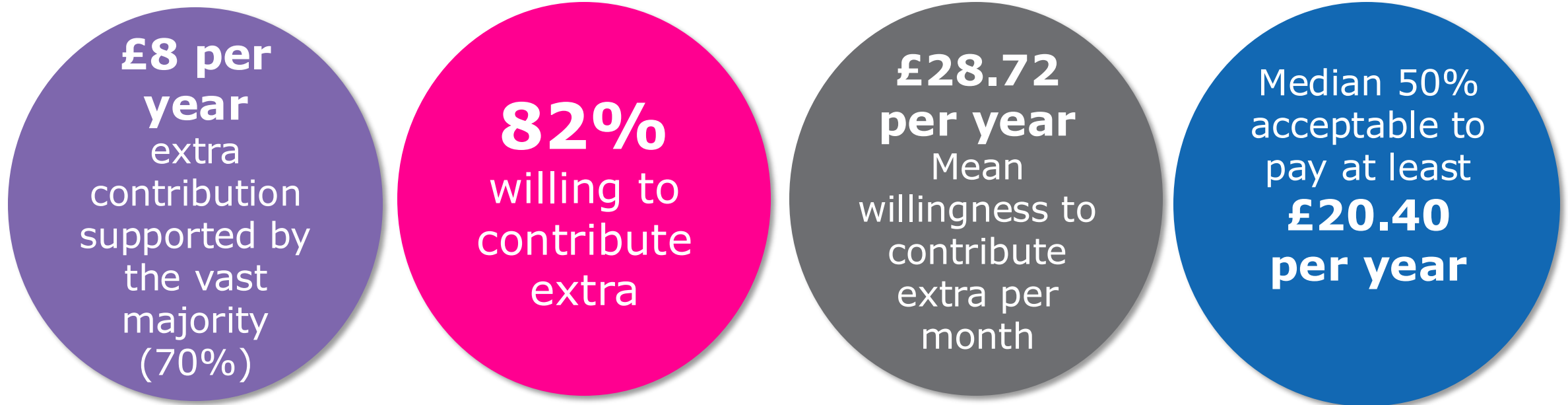
66%

None/
Don't know

Summary & recommendations



Key findings





Summary & recommendations

Times are tough for many customers financially, with even those on middle to higher incomes feeling the cost-of-living crisis to some degree. Despite this, there is clear support for an increased contribution towards WaterSupport. In fact, there is majority support for at least some level of additional contribution to the scheme amongst every subgroup, even those struggling.

Age appears to be the only significant factor in driving willingness to pay more with those aged under 50 being significantly more willing to pay at least some additional contribution.

There are a range of reasons for not wanting to contribute extra to WaterSupport. Attitudinal reasons appear to be a greater driver than financial reasons. Current negative press coverage around the industry may be driving some views, rather than simply disagreeing with the principle of social tariffs. **Customers want to hear more about what YW are investing in and the strategy for improvement.**

There is a desire to know more about WaterSupport with awareness levels currently low and a desire for more transparency regarding customer vs. company contributions. Given this, **YW should ensure comms are in place which raise awareness and make the case for the schemes and how they have helped customers.**

Even those who are happy to make an additional contribution have concerns about the scheme being open to abuse and whether those who are really struggling are likely to ever find out about the scheme. **Eligibility being based on income rather than just benefits receipt is felt to be a real positive though which comms can focus on.**

Although customers may be feeling more financial pressures at present, we found that in some cases this acts as a driver for willingness to contribute, as many customers considered the impact on households less well-off than them.

YW can therefore be confident that vast majority of customers support an £8 increase for Watersupport and there is a opportunity to go further with average willingness being for £28.72 per year.

Research guidance





Research guidance (I)

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 to consult customers to ascertain how much extra, if anything, they are prepared to pay on their water bill to help pay the bills of struggling customers during the next 5-year period.

Fit for purpose

Pilot interviews were carried out prior to the full launch of field work to check customer understanding of the materials and questions.

Ethical

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

Inclusive

A combination of online and in person CAPI interviews were conducted to ensure that customers classed as digitally vulnerable and hard-to-reach customers were included in the research.

Neutrally designed within the confines of the guidance

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 that Yorkshire Water were open to hearing their honest opinions and experiences.

Continual

Customer views will be directly fed into the plans for AMP8 which covers the next five-year period (2025-2030).



Research guidance (II)

We have taken advice from CCW and Defra on best practice for social tariff research, which states:

- The cross-subsidy acceptability question should not be placed in a standalone survey, focusing solely on the social tariff
- The survey should result in a single price-point that is broadly acceptable to customers
- There is no specific threshold for acceptability % that the survey should seek to find
- There is no need to test the current level of cross-subsidy
- All respondents should see the same stimulus materials
- The following acceptability scale is appropriate: very acceptable, acceptable, don't mind, not very acceptable, not at all acceptable, don't know
- Acceptance result should be as a percentage of all respondents, excluding those answering 'don't know' but including those answering 'don't mind'.