



***Understanding customer views on
Positioning Papers:
Strategic Priority Statement
& Accountability***

December 2021



InSites Consulting

Background

Objectives

Yorkshire Water regularly produce papers stating the company position on matters of policy and regulation. Research is required to explore customer views, to help support discussions internally and externally around Yorkshire Water's position.

The first of these papers to explore with customers is 'Delivering strategic priorities in the water sector'. Yorkshire Water wish to understand customer views on the matter – do they support Yorkshire Water's position on improved accountability and regulation within the industry?

Specifically, this research aims to:

- Understand if customers agree with Yorkshire Water's position with regards to its recommendations for the SPS and improved accountability and regulation within the industry.
- Explore customers thoughts on the positioning paper more generally.
- Understand if customers support Yorkshire Water's suggestions with regards to the improvements needed to help everyone involved deliver the SPS for the country.

Methodology



We ran a discussion on the Your Water community.

16th – 23rd November 2021



52

members of the community took part.

See appendix 1 for demographic breakdown.



Key learnings & considerations



Key learnings

The vast majority (46/52) of customers support Yorkshire Water's position on the paper

The language and content of the position paper are thought to be clear and to the point. Customers feel that the position put forward by Yorkshire Water is well-argued and reasonable.

Most customers are supportive of Yorkshire Water and understand their position. People agree with the idea that no institution should be 'marking its own homework' and that government priorities should be clarified.

Many argue that addressing climate change should be a priority and fear that over-regulation may be stifling progress and decisive action.

Customers feel that Yorkshire Water may be better positioned to know what is best for their region and clients than regulators and government officials and should be consulted with. That being said, they are keen to ensure that OFWAT can act as a neutral party without being biased by politicians or companies.



Considerations

1. It is worth enclosing any examples, statistics or figures that can help demonstrate how OFWAT interference impacts the industry to strengthen your argument.
2. If possible (and applicable), consult with other Water companies to further illustrate the impact of OFWAT regulation on the water industry.
3. When showcasing position papers to customers, make sure to dispel their concerns regarding any potential price increases upfront as this is a key concern for them.

Overall, the language and the arguments of the paper are clear and compelling

Most customers respond positively to the positioning paper, describing it as:

- **Informative and direct** – Customers feel that the points put forward in the paper are well-researched and straight to the point.
- **Reasonable** – Most understand the need for making the government set priorities that are actionable and tangible for them to be achieved.
- **Lands the point** – Customers respond positively to the idea of holding OFWAT accountable. The phrase 'marking their own homework' stands out to customers and lands this point well.

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It seems that Yorkshire waters approach is direct and the company is fighting back and actually saying what they want and need!"

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There appears to be a case for a more defined approach to the regulation of the water industry, so that companies are able to prioritise investment and meet objectives."

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It makes sense that no organisation should be marking its own homework, I would be looking for a robust standard of qualification for the homework-markers, and greater public accountability all round."

Key insight

The positioning paper clearly and successfully communicates the point of view of the company. It is easy to understand and is convincing to customers.



Customers understand the challenges and are broadly in favour of the changes proposed

People empathise with Yorkshire Water:

- Customers agree with the need to clarify the priorities set by the government. They feel that OFWAT needs to be held accountable like any other regulatory authority.
- Some perceive OFWAT as an institution that may be stifling innovation in the sector, making it difficult for companies to plan for the future and follow through with important initiatives.
- A few customers raise questions around the funding OFWAT receives and how their performance is currently assessed, as well as the penalties water companies are subjected to by OFWAT.
- A handful of customers were curious about the position other water companies hold regarding OFWAT and whether they face similar challenges.



Recommendations

A few people feel that including concrete examples of how OFWAT involvement may be disruptive to water companies may help readers better understand the challenges.

Consider including such examples, if possible, to further illustrate the point and strengthen the argument.

Including testimonies from other water suppliers regarding OFWAT may also help make the paper more impactful.

“

I like your proposals to achieve the goals. They can help ensure that the regulator adapts to better reflect the priorities set by the government and deliver a resilient water sector that can help tackle the challenges facing the UK's economy and environment.”

“

I agree that some priorities appear to conflict, and those conflicts need explaining by OFWAT. I would be interested to know how OFWAT is funded. I would also like to know how they assess water companies. If OFWAT priorities are not met, are they sanctioned?”

“

All water companies will be different, and others may find the current role of OFWAT more readily acceptable (even with a 'democratic deficit,' as YW puts it). Have other water companies expressed the opinion that the current practice falls short, similar to what YW have done here?”

“

I don't think it is altogether clear exactly what the challenges are. Be more specific about how priorities can stifle innovation and can lead to "get out clauses" for the industry.”

The majority are in support of Yorkshire Water, believing it to be a fair argument

46 out of 52 consumers sided with Yorkshire Water upon reading the positioning paper



Fight against climate change

Most customers are keen for companies to start addressing the environmental crisis. Decisively addressing climate change is seen as a high priority as this issue is top of mind for many people.



Wanting to reduce the burden of bureaucracy

Customers suspect that regulators may be stalling the work of suppliers and are making them less efficient, stopping companies from acting positively. They question the need for having too many bureaucratic processes in place.



High degree of trust in the company

Many feel that Yorkshire Water is better placed in terms of understanding the industry, the region and consumer needs than a regulator or even Government officials might be. Customers trust Yorkshire Water to lobby for policies that benefit the region and their customers.

“

I am always for any company trying to improve things, especially when at the end of the day, Yorkshire Water is trying to improve. As we all know climate change at the moment is a massive thing, it not only affects how we live now but how the future generations will continue.”

“

Accountability should be clearly identified for each element of the industry. However, I am against strict controls and creating more bureaucracy and administrative roles for the sake of it.”

“

I would support Yorkshire Water's stance on the improvements to the policy because all agencies have to be transparent as we have seen too much of the dodgy dealings that have been going on lately and I feel that I could trust Yorkshire Water to do the right thing.”

But a minority voice concerns around costs, and want to ensure OFWAT remain unbiased

6 out of 52 consumers have reservations around fully supporting the proposal



Fear of rising utility costs

Customers are concerned that the changes proposed by Yorkshire Water might lead to higher costs, due to infrastructure investments that may be required. It is important to clarify that any additional costs are managed efficiently, or that service costs will broadly remain consistent.

“

My hesitancy in being fully voting 'For' is a feeling that this is just a way to claim that customer bills have to rise to meet the government targets. I think they are hoping that by saying it is for environmental reasons it will be more palatable.



Regional nuances need to be accounted for

Customers feel that each UK region has unique challenges that need to be addressed. They feel that the government-led policies should not be too prescriptive and would need to account for local nuances to be effective.

“

There are clearly regional issues faced by water companies and not a 'one size fits all' approach works, therefore whilst I agree with the SPS I also think there needs to be a bespoke approach for each company that focuses on the key issues local to them as well as wider national standards.”



Ensuring that regulators can be unbiased

Customers voice concerns over private interests potentially making OFWAT biased towards them if the government doesn't have direct influence over the regulator. The trustworthiness of OFWAT as an institution might then come into question.

“

I think it is wrong for the water companies to start having a say in how OFWAT should be run, that is the job of the government. Customers need to have somewhere to go that is an ombudsman that is totally unrelated to the water companies.”



Appendix

Sample Profile (n=52)

GENDER



Male: **42%**



Female: **58%**

AGE



25 - 34 years: **15%**



35 - 44 years: **12%**



45 - 54 years: **23%**



55 - 64 years: **27%**



Over 65: **23%**

HOUSEHOLD SIZE



1 person household: **25%**



2 person household: **38%**



3 person household: **25%**



4 person household: **4%**



5 or more person household: **8%**

SEG



ABC1: **67%**



C2DE: **33%**

AREA OF YORKSHIRE



South Yorkshire: **27%**



West Yorkshire: **50%**



East Riding of Yorkshire: **13%**



North Yorkshire: **10%**

WATER METER



Have water meter: **65%**



Don't have a water meter: **35%**



About your community

With over 2,000 members, Your Water is an online research resource giving you easy access to Yorkshire Water customers.

The community offers a wide range of conventional and innovative research techniques and approaches.

Our aim is to approach every project with fresh thinking and apply methodologies that we truly believe will get you tangible, actionable results.

Any questions?

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