

Engaging with Stakeholders

Customer Service Priorities

Report for South Staffs Water

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Summary

This report provides the qualitative findings of a workshop with water industry stakeholders. The workshop took the form of a pair of focus groups run in parallel, and the stakeholders were representatives of South Staffs Water's Customer Challenge Group – a group of informed bodies with an interest in future water service delivery and bill levels.

The discussion was moderated by independent researchers from MVA Consultancy, and focused on issues concerning current and potential future service delivery by South Staffs Water.

Overall, the group was complimentary of existing service provision, but there were concerns that the company's performance is driven too much by Ofwat's SIM, with insufficient attention to customer needs. The consensus was that improvements for domestic customers were most required in the following areas:

- increased efficiency in water use;
- reduced interruptions in water supply;
- discounts for those having difficulty paying;
- reduced leakage in company and customer pipes; and
- improved water quality.

The underlying aspect of service that the group most wanted to see was improved information to customers – in particular to reassure them about the safety of the drinking water and reduce the amount of bottled water purchased. The group also wants customers to be better informed on: the risks with internal lead plumbing and ways of identifying, and replacing lead pipes; and ways of reducing un-necessary consumption of water. There was also a feeling amongst some group members that combined billing of water and wastewater would also make things a lot simpler for customers.

The group wants to encourage the company to recognise the specific needs of the business community, especially large water users and those reliant on water for their service/product delivery. The most important areas for improvement were the provision of:

- a dedicated point of contact;
- leakage detection on site; and
- water efficiency audits.

The business community also wants to see changes in the transparency of billing, including the removal of the need to declare, in advance, the amount of water to be used at a site and being penalized for an incorrect estimate.

When given the opportunity of switching resources, or introducing service improvements with consequential bill increases, the consensus amongst the group was to maintain services – with limited support for improving leakage and/or, possibly, accepting an increased risk of a hose-pipe ban.

This stakeholder viewpoint provides a complementary perspective to the ongoing consultation and engagement exercise being undertaken by South Staffs Water.

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1 Introduction

1.1 Study Context

South staffs Water (SSW) is engaging with its customers in a forward-looking way to gain insights into aspects of service where customers may want to see changes and/or improvements. Such information will provide timely and useful customer insight to help inform SSW as they consider revisions and updates to their Strategic Direction Statement (SDS) which provides an overview of the company's long-term business strategy (i.e. over the next 25-years).

- 1.1.1 Such exploration of customer priorities for service improvements and, possibly, tentative exploration in to what customers might, in principle, be willing to pay for service enhancements will also help steer subsequent quantitative research expected to be undertaken next year which will derive customer benefit values, in monetary terms, of improvements in different aspects of service delivery. The findings, in turn, are essential inputs to the cost-benefit framework that underpins each water company's business planning over the short-term (i.e. the next 5 years).
- 1.1.2 In conjunction with its engagement with domestic and business customers, SSW also wanted to understand the views of regional stakeholders. As part of its customer engagement, SSW set up a Customer Challenge Group (CCG) – a group with representation from a wide range of perspectives with an interest in SSW's service both now and in the future. The CCG is to act as a 'critical friend', providing constructive feedback to the company regarding its investment planning process and approach to its consultation with its customers. SSW considered that MVA Consultancy's current qualitative research with domestic and business customers on existing and future service provision presented an opportunity to discuss the same issues with members of the CCG as a means of gauging attitudes amongst key stakeholders.

1.2 Group Discussions with Members of the CCG

- 1.2.1 An item on the agenda of the SSW CCG Meeting of 13 September 2012 was for MVA research team members to hold two parallel group discussions with all CCG members attending the meeting¹. The discussion took around 90 minutes.
- 1.2.2 Fourteen stakeholders participated in total, covering the following interests:
- Business Customers [high volume users];
 - Consumer Council for Water;
 - Drinking Water Inspectorate;
 - Environment Agency;
 - Federation of Small Businesses;
 - Local Authorities;

¹ SSW staff were not present during the group discussions with CCG members

1 Introduction

- Natural England; and
- South Staffordshire Water Trust.

1.3 This Report

1.3.1 The remainder of this report provides the main findings of the two group discussions.

2 Perceptions of South Staffs Water

2.1 Impression of the Company

2.1.1 Participants were asked to give their impression of South Staffs Water and, in particular, consider how satisfied or dissatisfied they are with the service provided by the company.

2.1.2 Initial feedback was positive.

"the amount of customer complaints from my residents probably number two in thirteen years so I have to say it is a relatively well respected local company"

"South Staffordshire Water have always been regarded as a small, friendly, pretty efficient company"

"generally speaking we get very good value for money"

"service requirements for me, when there is a leak, the company will go in and resolve [it] and the customer service we get for that is right for the pub and is of the standard, as a business, we would expect"

2.1.3 It was observed, however, that there had been a recent rise in complaints around two years ago, with the main sentiments being poor value for money; not enough help for vulnerable groups; and a lack of information provisions currently in place. Some particularly felt that SSW had a responsibility to vulnerable groups within the community.

"[South Staffordshire Water] do have their blips, in areas, and one of them is complaints. That has gone up recently, and when complaints go up there is generally some triggering cause. On the SIM scores, they come out well but on our survey, they were below average on value for money. The prime thing that concerns me is that South Staffordshire Water have many customers in a deprived area and yet proportionally they do much less for those customers who have difficulty paying than some other water companies"

"[the charitable trust] is proportionally much less than some neighbouring companies ... there is a great scope for the size of that pot to be significantly increased ... there are other things as well ... Severn Trent, I don't think do enough, but they have a whole list of things in addition to that pot"

"it's not just about doing more, it's about advertising what they already do"

"the reservoir at Blithfield in South Staffordshire have done a lot to improve over the last five years ... it probably could do a lot more ... but it should be recognised that [South Staffordshire Water] have [already] done a lot"

2.1.4 It was acknowledged, though, that most recently there had been an improvement, and there was a sense that SSW had re-focused on the customer experience.

"in terms of customer complaints, it did go up a couple of years ago now and has been steadily decreasing since but the main point around that has been the push by the SIM for all companies to do better but South Staffordshire Water have taken a very focussed approach ... and have made changes and been more customer focused than they ever were"

2.2 Comparisons with Other Water Companies

- 2.2.1 Understandably, given the over-lapping jurisdictions of the two companies, a lot of comparisons were made between SSW and Severn Trent Water - with SSW generally coming out ahead. This impression was mainly based upon the perceived level of SSW customer engagement.
- 2.2.2 However information from those representatives who had a national perspective, including CCWater and high volume business customers, considered that SSW was average for the country; then, upon further reflection, considered not in the bottom half of a "league table".

"compared to other water only companies, South Staffs is comparatively low [for bills]. It is not a particularly high bill and I think the customers of South Staffs have a similar view to the rest of the country. It is probably about 60/70% satisfaction levels in value for money, and 80% satisfaction levels with service"

"from my point of view because we have nationwide premises, certainly when you discuss and receive bills from other [water] authorities, there are far worse authorities to deal with than South Staffs"

"the previously published data on the SIM showed that South Staffordshire Water were actually above Severn Trent on that ranking of performance levels ... indeed CCW carries out research on a regular basis, I can't remember the figures of the top of my head, but I think South Staffordshire Water and Severn Trent were fairly comparable in satisfaction levels in that research"

"on customer satisfaction South Staffordshire Water comes out pretty high, [whereas] Severn Trent in terms of customer satisfaction has bumped across the bottom recently ... in terms of value for money it is slightly difficult to compare them as your only comparing South Staffs cost of the water bill, because Severn Trent is a water and sewerage bill, but of water and sewerage companies Severn Trent is the lowest in terms of average bills in the country"

"I couldn't comment on what makes South Staffs better apart from the fact I don't hear anything – which, for me, means good service ... but certainly there is another [water] authority in the country that doesn't respond to your queries, that doesn't sort out your leaks"

"South Staffs has got a good reputation with working very closely with the community, as it is a small company and it's got sort of a local culture. Severn Trent is the opposite, you know, it is a very big company, and I think it struggles as it doesn't have that same sense of customer engagement that South Staffs has, but South Staffs shouldn't be complacent with that"

- 2.2.3 It was recognised, though, that SSW had some specific challenges.

2.3 Special Challenges unique to SSW

- 2.3.1 One challenge for the company, recognised by all participants, was the complication SSW has in that it only provides water services, with wastewater services provided by neighbouring Severn Trent Water. It was felt that this could make the bill difficult to understand for customers, and also prompted further thoughts on the need for SSW to provide better information to its customers.

“in South Staffordshire Water it is probably even more complicated in that the customers receive a bill from South Staffordshire Water which includes a South Staffordshire Water element and a Severn Trent element and I’m not sure whether the customers are clear [on why this is] ... maybe some of the customers feel that South Staffordshire Water provide some of the waste water services, maybe there is some education required there”

“I think that is an issue the way they approach their customers as Severn Trent are responsible for the drainage but as far as the customers are concerned it is one service so why should they have to negotiate with two companies, and I think that is going to be a real issue”

“should make clear what the customer is getting for their money”

“if they make it clear what a water company needs to do, they might get that value for money score better, so people actually understand what they do to treat that water and get it to their property”

- 2.3.2 The Environment Agency raised an issue of transferring water between water companies so SSW would not be so vulnerable to drought. Severn Trent was used as an example as, because it is such a big area, if they have drought conditions in one place they can usually transfer water from a place with plentiful conditions to compensate. Some local authority representatives were less concerned about the environment, and thought that any surplus water sources in South Staffordshire could help the community, in the form of subsidising vulnerable and low income customers.

- 2.3.3 A high volume business customer wanted to see SSW apply themselves more in reducing consumption amongst its customers, and highlighted how impressed they were with another water company’s attitude to saving water in drought times and that this, in turn, helped build a better relationship between a business and a water company.

“from a raw water source point of view, South Staffordshire Water being a small water company relying on small water reserves, they haven’t got the ability to move water around the country as much as other companies ... the way to deal with that is to look at the demand for water and work with other water companies to move water across the South Staffordshire Water boundary, if and when needed”

“because it is raining, [SSW] get this easy water saving us a lot of money, this money should be invested to help the communities”

“one thing that another authority has approached us with is looking to conserve water, focusing on the environmental impact on how much as a business we are using water. Not so much to drive down their costs, although that is something they’ve very much got in the back of their mind, but particularly with the recent drought it was very much ‘ what are you doing and where can we help you?’. And that’s one thing I’ve not been approached about from South Staffs. It makes you think as a business the supplier is working with you”

- 2.3.4 For other business customers, a perceived challenge was the need to reduce disruptions to supply which members of the Federation of Small Businesses believed had increased slowly over the last five years and would increase further in the future.

“there is currently a small amount of service disruption [for small businesses] but we are concerned it could get worse unless the [improvements] on the pipe work takes place”

2 Perceptions of South Staffs Water

- 2.3.5 A further challenge for SSW was lead supply pipes (and associated leakage problems). Lead was regarded as a health hazard and consensus around the table suggested SSW still has a lot of lead supply pipes.

“South Staffs need to replace the [lead] supply line as it is a health hazard”

“the issue of lead pipe replacement on consumers premises is something that could well be addressed, but it probably needs a national initiative”

“one of the reasons that we haven’t done it is because of the cost ... the cost of replacing all of the customers lead pipes would be immense ... [what has been done is] water companies have to treat the water to minimise the [lead risk]”

“it could be a measured approach, you don’t need to do it all at once ... it could be a 20 year problem”

- 2.3.6 Overall, there was a feeling that SSW was aware of these challenges, and responding positively to some.

3 Satisfaction with Current Services

3.1 Perceptions of Current Service [Unprompted]

3.1.1 Overall, participants considered SSW's service to be satisfactory.

"I think the people at the moment are thinking [South Staffordshire Water] are doing the best they can"

3.1.2 There were concerns about the influence of SIM², and indications that SSW's activities concentrated too heavily on aspects that affected the SIM score rather than being driven solely by customer needs for reliable supply in the short and longer term.

"it is good that it [South Staffs water] performs well, but what I would say is that the company should not be complacent ... [water] companies can perform quite well on SIM for quite a while, without really maintaining their assets and addressing their problems. So what I would say is that South Staffs should focus on areas it know it has got problems to prevent their SIM score deteriorating and to maintain their reputation"

3.1.3 A high volume business representative was disappointed with payment processes. A particular grievance was having to predict in advance their water usage and, if this 'limit' is exceeded, being penalised.

"For me I wouldn't say I have service challenges from the company, it's more about the ability to know what price I'm going to pay"

"'dissatisfied' is quite a harsh statement to make especially as this area is one I can't negotiate, 'miffed' is probably the word [about not knowing what the bill is going to be] ... so you can forecast what you think it might be but the outcome cost is not what you expected"

"from a commercial point of view, our relationship with South Staffordshire Water is quite good. They're very proactive in installing new metering ... but I get the feeling that is to protect their revenue stream as they now have accurate information"

"my other comment would be the tariff structure, it seems quite strange to be penalised for reaching our reservation maximum ... that doesn't seem right to me ... I find it is complicated"

"I think all businesses expect companies, providers, vendors to give added value to the price of the service ... it should be part of the package"

3.2 Perceptions of Current Service [Prompted]

3.2.1 Participants were informed of existing levels of service covering the full spectrum of service delivery and associated environmental and social consequences.

3.2.2 The issue that prompted most discussion was leakage. A local authority representative considered this to be less important than many other issues; but this viewpoint was based upon an incorrect understanding that any water lost to the system is only temporary.

² Though it was accepted that SIM was the best overall indicator of company performance

"a lot is often made about leakage ... but really that water gets back into the soil, it gets into the streams and ditches ... leakage isn't really an issue"

3.2.3 However, the majority expressed concern with the stated current amount.

"I think leakage is a big issue, personally I hope there would be more done than the current level of activity"

"it is an issue in that water that's leaked has been cleaned up and pumped and South Staffordshire Water have quite a high, relatively, pump cost"

"120 litres per day per household - that certainly made me sit up and say 'crikey that is a problem'"

"a person would typically use 140 litres per head a day, so [if] you have a two person household - about a third of it is leaked"

"in this case South Staffordshire Water are not the only ones in the picture, so if the water is coming out of the pipe and into the sewer, Severn Trent are paying for it to clean it, you are actually paying on both sides. It's a case of - it costs me £5 to get the water clean and down to my house; it costs me £10 ... for leakage control, therefore I will just do £5 of leakage control ... although the environmental cost and the knock on cost to other users isn't put into that equation"

3.2.4 It was mooted, though, that there may be a positive consequence from the leakage that, if true, should be taken into consideration.

"the CEO of my local wildlife trust once said to me if there wasn't any urban leakage their wouldn't be any trees ... I think the key question for this CCG is to ask the company what is the cost of reducing leakage by 5%, 10%, 15% ... I've seen these figures for another [water] company, and once you've seen these figures, it tempers your ideas a bit"

3.2.5 A related issue of utmost importance to the Environment Agency was the extent of abstraction from rivers, which should to be kept to a more acceptable level.

"fish and wildlife suffering from low water levels... three sites, that isn't acceptable, in terms of planning they should be planning for none"

3.2.6 Water quality was recognised as one of the most important issues to the customer. Participants suggested a lot of people drink bottled water rather than tap water because they were afraid that it was not safe for consumption. Some felt that the current awareness campaign on lead supply pipes was not proactive enough, being restricted to information on the company website which was not advertised well nor accessible to all.

"I think drinking water quality, customer research consistently shows that the service customers value above all else is a safe, reliable, clean supply of drinking water"

"there's an underlying issue here isn't there about water efficiency measures and possibly the lead issue which is about information and communication and I think that is really important ... South Staffs are good at engaging with their customers but it seems there are information areas which are a bit of a desert so maybe they should consider that"

3.2.7 Another hotly discussed issue in Group A was service interruptions. Some thought planned interruptions were ok, as long as communication was good and they were not at inconvenient times, whilst others believed that no interruptions should take place and that customers would be more sympathetic to unplanned interruptions due to an unusual event.

“customers increasingly think that they’ve invested enough not to have interruptions”

“I think customers can understand an interruption if it [is caused by] some catastrophic event or if it is out of the [water] companies control but business customers and domestic customers dislike intensely, planned interruptions or short interruptions ... even if you get forewarning”

“certainly when we get an advanced warning we get the option to change it, and usually because of the hours they are, we’ve accepted them all and its happening, but it’s if it is not communicated and if it’s an interruption that does not look like it’s being fixed and just appears to be ongoing, that’s [annoying]”

“the things I could least stand are interruptions [to service]”

“just being challenging here, why should there be any interruptions, why are there planned interruptions. Shouldn’t the company be planning for no interruptions, given the levels of investment. Tesco doesn’t plan not to deliver, not to sell you eggs in November, not to sell you milk next week”

3.2.8 The energy usage level was also of concern as SSW is an energy-intensive company having to pump a lot of water up hills. [There was also an acknowledgement that it was quite difficult to get their head around - as it was depicted in terms of the equivalent energy used for a large number of cups of tea.]

3.2.9 Other issues identified as being of particular importance were: discounts for those who have difficulty affording the water they use, and water efficiency. There was some debate over whether water efficiency measures could help tackle the former and, possibly, only in the long term. Ultimately, the consensus was that these did not need to be in competition with each other and both could be adopted. In fact both social tariffs and water efficiency were seen as important.

“water efficiency allows you to drive cost reduction. One response to [the affordability problem] is put water efficiency measures into people’s homes so they don’t have such a big bill”

“in the short term people will definitely need some assistance”

“there will measures that will help over the next 25 years, and there are measures that will help in the here and now”

3.2.10 In conclusion, participants agreed that a lot of problems came down to poor communication and that information provision could take a step up in many areas.

3.3 Service Areas of Lower importance

3.3.1 Participants considered that, in relative terms, the risk of a hosepipe ban was not as important as the other issues discussed – though it was acknowledged that it was extremely important for some, niche, businesses such as for landscaping.

“as for the hosepipe ban, I think that is massively overplayed. It makes great headlines in the national newspapers. The ramifications for the general public are far less reaching than people would have imagined - it basically means you can't water your lawn, you can't wash your car as much”

“customers say they don't want to pay anymore to avoid hosepipe bans but they think the water companies should pay more in the leakage sense to stop that happening”

“the [increase in hosepipe bans] needn't be so simple, it might be like we were talking about vulnerable people in terms of paying, there might be some protection for certain vulnerable industries”

- 3.3.2 There were differences in opinion as to whether hardness of water was as important as the other issues discussed.

“I think as far as hardness of water is concerned, I've lived in both hard and soft water areas and people just get on with what they've got”

“from a commercial point of view, hardness is quite important to us ... we'd be quite keen to see [an improvement] as it will reduce our operating costs”

- 3.3.3 Some participants also considered road disruption to be less important but, after further discussion, the consensus was that it was important, especially for businesses.

“it would be good [road works] all together not like they are doing in Dudley at the moment digging up everything every five minutes because it seems like a good idea, they've virtually put a whole street of business out of business because of what they've done”

- 3.3.4 The over-riding conclusion, therefore, was that most of the issues under consideration within the research were all of high importance.

4 Priorities for Improvements and WtP

4.1 Priorities for improvement

- 4.1.1 There were a number of areas where participants felt that SSW could do better. Unprompted suggestions focused on improving environmental impacts of SSW activities.

"[South Staffordshire Water] have a series of potentially important assets they could use a lot better. They have a large reservoir [Blithfield] ... they could use their assets in a way that is much more supportive of the environment ... there is an opportunity there that they haven't got around to grasping like other water companies have"

"they could [also] make more of the message of water use and how that impacts on the environment"

"there is a challenge on all water companies to manage the demand for water, and there is more to be done by water companies, particularly South Staffordshire Water in terms of using less water, domestic customers particularly" [Environment Agency]

- 4.1.2 When asked to list the three improvements they would most like to see introduced, the most commonly mentioned issues were:

- water efficiency;
- discounts for those having difficulty paying;
- leakage;
- river abstraction;
- environmental pollution;
- customer enquiries; and
- water quality.

- 4.1.3 The Environment Agency and Natural England were especially concerned about environmental impacts, whilst business representatives were more concerned with supply interruptions, customer handling and leakage.

- 4.1.4 Four of the sixteen aspects did not get mentioned at all (as priority for improvement): risk of hose pipe ban, energy usage, shared supply pipes, and hardness of tap water.

"From the Trust's point of view, I'd support the discounts to those who are having difficulty paying their bills. I think what the trust does really just scratches the surface"

"if you gave people information that hard tap water helps bones, I think people would start putting into perspective and see it as a benefit"

"I do think notification to people is absolutely critical, because if you are notified, you can sort things out"

"Yorkshire Water has no planned interruptions. They don't do them, because they've found ways of not doing them. They take water around in a different way ... they are working on no interruptions"

"For me it would be the customer enquiry one which is tangible. So instead of our team only having the ability through letter and telephone - which can be slow, email or text"

would be much quicker. It also means, from a supplier point of view, you could be much more efficient in the way you respond, so although resource might have to be front loaded, so to speak, the overall customer experience would improve long term"

"[Leakage as] my bills would likely to be more realistic and I'm haemorrhaging less money"

- 4.1.5 More ambitious improvements were pushed for amongst some participants.

"with the lead of the chair, [these improvement are] not good enough"

"if their aspiration was to not have any [service interruptions] ... I just think that is a bit more challenging"

4.2 Willingness to Accept and Willingness to Pay

- 4.2.1 Initially, participants were not keen to accept deteriorations in some service levels in order to secure improvements in other areas or reductions in the average customer bill level.

"I'm very wary of the reduction, if you do a reduction in service it never bodes well with customers"

"I think in other companies the prevailing view from customers has been they're not really willing to accept any reductions in service"

- 4.2.2 However, in fact, most participants were willing to trade-off the quality of one aspect against the quality of another. In particular, many participants were willing to accept a deterioration in quality level in two areas: hardness of water and risk of a hose-pipe ban.

"the hose pipe ban is something ... I would say if you were saving money on that, the money could be used to fund much more important"

- 4.2.3 The most popular improvements were: increased water efficiency and discounts for low income groups; and reductions in environmental pollution, river abstraction and energy consumption.

"I'd certainly like to support the leakage one, despite it being the highest cost item"

- 4.2.4 Some participants were disinclined to include leakage in their preferred improvements due to its poor value for money (as presented in the research) and/or its complex nature.

"reducing leakage from 120 litres a day to 100 litres a day, well that is one sixth, but that comes with a cost of £5, that doesn't seem to offer good value for money"

"I've left the leakage issue aside as I think it is more complex than what we can understand here but it does need debate"

- 4.2.5 Amongst those who opted for service improvements in their preferred areas typically identified other areas in which they would accept deterioration rather than increase average bills. Overall, average bill increases of around +£1 per annum was sought; ranging from a small reduction, preferred by CCWater, to +£7, preferred by a business representative, if it funded their preferred service improvements.

- 4.2.6 The potential improvements aimed specifically at business customers that were most popular were:

4 Priorities for Improvements and WtP

- dedicated point of contact;
- Leakage detection on site; and
- water efficiency audits.

“certainly from the research we have taken out in talking to business customers, the meetings we hold ... business customers do say that a dedicated point of customer is an important issue”

“there are other, third, parties in the market place that offer water efficiency audits, bill validation, leakage detection ... as that is not offered by the water companies”

- 4.2.7 It was felt that, though, third parties currently provide a lot of these benefits business customers would, nevertheless, be keen to see water companies introduce such measures if it might save them money.

4.3 Preferred Ways Forward

Supply Demand Management

- 4.3.1 Participants were invited to advise on the most appropriate way for SSW to balance the need to ensure there is enough water to go around for all their customers and minimising the consequences of taking water from the environment.

- 4.3.2 Most participants preferred options which reduced demand for water from our customers combined with accepting that hosepipe bans may happen more often but with the benefit of lower bills.

“[these two favoured options] aren't mutually exclusive, you could do both”

“option 3 [accepting hosepipe bans and keeping bills down] probably is reasonably sensible. The problem is it would just play into the hands of the media and anyone who just wanted to take pot shots at water companies ... I think that would be a slightly dangerous strategy in terms of PR”

- 4.3.3 Some participants considered that the group should not be swayed by how the media might respond to different SSW strategies, and concentrate on what they feel is best for its customers.

“our job should be, as the CCG, ... when the company make the decisions that the research shows, we step up behind the company and say this is what the customers wanted. [The media] can go and make as many headlines as you want but actually the people would prefer to not pay”

Repairing Leaks beyond S_{ELL}

- 4.3.4 Participants were advised that, currently, detected leaks are only repaired up to a ‘tipping point’ at which it starts to cost more to repair leaks to stop waste, than it does to treat and put more water into the pipes. And that, in the longer term, climate change is expected to intensify the challenge of supplying water to customers. Possible options to be considered to help manage this issue includes: increasing metering over a 10-year period; taking more

water from local waterways; or tackling leakage beyond the tipping point with an associated increase in bills.

- 4.3.5 Increasing metering was regarded by most participants as the best way of managing the situation, along with tackling leakage beyond S_{ELL} for a few participants. Taking more water from the environment was not considered a credible option.

"I would go for metering and the education, you have to do it in a customer friendly way, for families that are stretched you have to use introductory tariffs to give time for people to adjust ... because you can, my personal consumption is 55 litres per person per day which is less than half the national average"

"I think that is why [option 3] is the option to go for because as soon as you [tackle leakage beyond the tipping point] on a long term basis ... you reduce the long term cost to everybody"

"option 3 would have to be a really fine balancing act, people just would not be willing to pay loads and loads of money to have no leaks"

"I don't think you can take more water from local waterways, I really, really don't"

Selling Water to other Areas

- 4.3.6 Participants were supportive, in principle, of proposals for water companies with excess water supplies to make them available to areas of the country where water is more scarce.

"in most cases more water is being taken from the environment than the environment can sustain. But if the environment can sustain more water being take from it [then it is a] good idea if it helps people and the environment elsewhere in the country"

"I think we need to encourage water trading where it is ok to the environment, so we are not just thinking about our [water] company here, it is about everybody having a sustainable supply of water ... and if that reduces customers bills even better"

"[South Staffordshire Water] need to take water out of the environment without damaging the environment, but potentially you could be leaving more water in the environment. What you're offsetting is a really serious environmental problem somewhere else where there is absolutely no water and they're abstracting more than their means, so 'yes' is the short answer"

"water companies should be looking to assist where there are shortfalls elsewhere"

- 4.3.7 The main problem with water-trading was perceived to be that some customers will feel they are being penalised, by having to pay more, because they live in an area of the country where there is less water.

"I think the financial benefits to users of water in South Staffs would be minimal, I think the payback from this trading would be very, very small, it would almost be unnoticeable. And then I worry about what it might do in the long term to the environment ... we've already mentioned a lot of water is abstracted from rivers"

"as long as the environment is protected ... which it is [through licenses] there may be some payback financially for South Staffs and its customers, but the bigger payback would be for other [water companies]"

"from a business point of view I've got a foot in both camps, so absolutely support the environmental piece, big tick, but I would actually need to know when I would see the true costs coming through to me. A lot of businesses would feel their bills were over-inflated"

Investment in Technology

- 4.3.8 Participants were keen for SSW to invest in technology to improve management and monitoring of water resources – even if it will increase customer bills in the short-term, as it is expected to keep costs down (through earlier detection of otherwise significant problems) in the longer term.

"[providing reliable supplies at lowest cost to customers] would be the one that gives the least pain in the short term, but would not be a particularly good long term strategy. So I think I would go for option 2 [invest in technology] and just sell it to the customers as we are having to spend this money now for the benefit of all in the long term"

"it is important that [water] companies are seen to be doing the right thing, taking measures to ... manage their water efficiently otherwise customers aren't prepared to go the mile and be efficient themselves"

Bill Profile

- 4.3.9 Views on the bill profile and timing of improvements and bill increases were mixed. Some participants preferred the improvements and bill increases to happen straight away.

"the quicker the low paid worker can be helped the better, so the sorts of benefits I were looking for ... as soon as possible"

"if the benefits are worth having, they are worth having as soon as possible by delaying it by five years you are actually not carrying out some of the improvements that you feel are sensible"

- 4.3.10 Whilst others, CCWater in particular, preferred changes in bill level to be a series of small increments.

“from a CCW point of view you’ve got to go option 2 if you’ve got the words bill increase in there because we know from our customer research that customers do not like step changes, they want gradual changes. But if, as some of us voted for, [there was] a bill reduction then you would want to get that sorted [quickly]”

“I think there is an option 3 here really because it depends on what [service you are improving], if you’re looking at leakage you could do a bit every year, so the payment for the customer would increase a bit every year ... some things you can do gradually”

Future Targets

4.3.11 Overall, there was a call from stakeholders for SSW to be more ambitious with its targets.

“setting ambitious targets and securing their achievements, that’s what good management is about ... perhaps the targets they have set themselves need to be more challenging than in the past”

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