



Social Value

Insight synthesis by Dan Young (Shed Research)

8 February 2022

Our approach and the key insight

You need to understand customers' position on your social value i.e. your wider environmental and societal role beyond core services

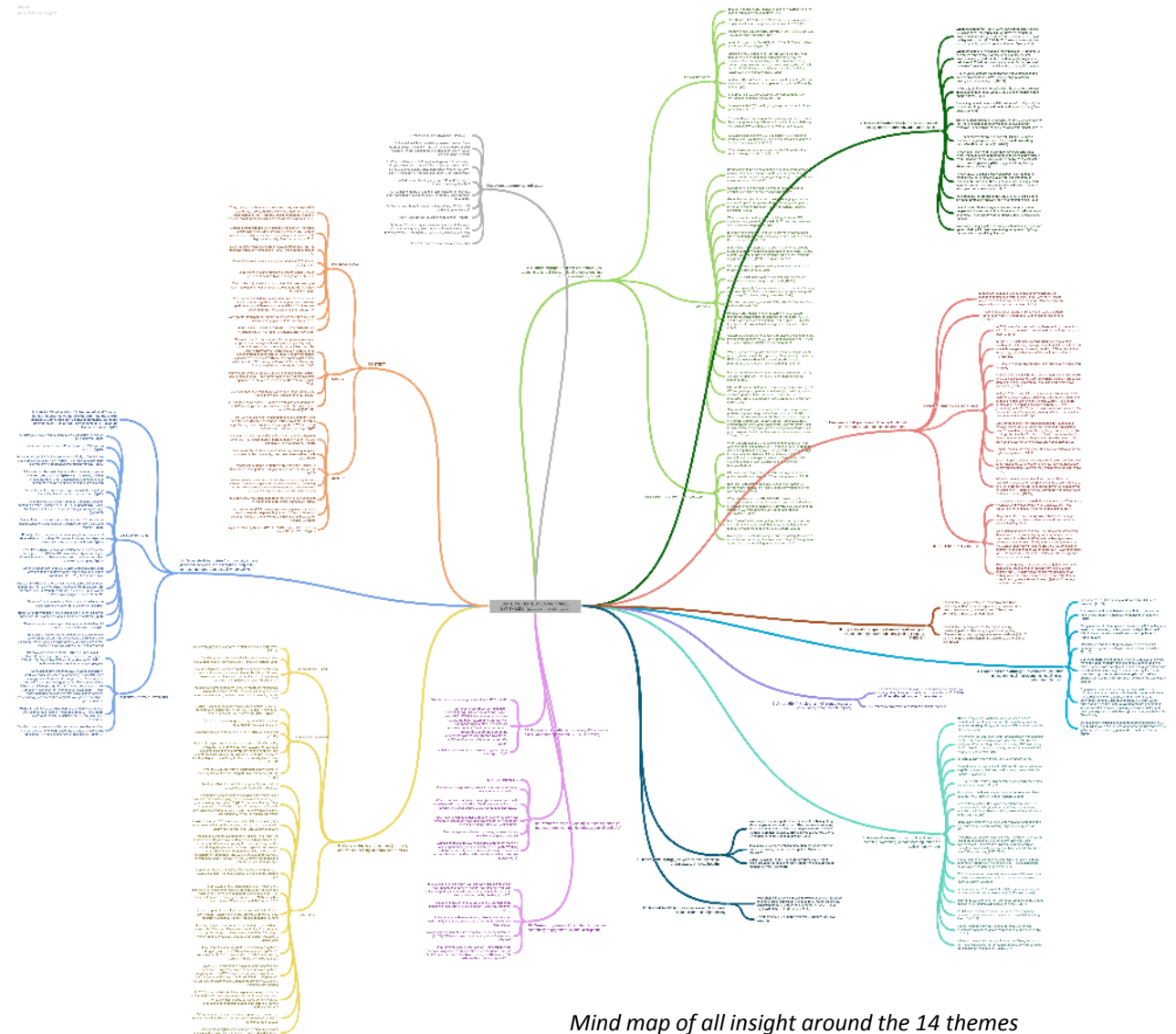
- Your purpose is “to provide great water and more for the North West”. Water companies are increasingly being challenged by regulators to focus on the “and more” element of this purpose
- You need to consider the wider environmental and societal value of your services, beyond your core services of providing water and removing wastewater. This is likely to be a key part of PR24
- You need to understand the current position of customers in the North West, their views when it comes to 14 social value themes, and how they relate to UU’s offer



This report synthesises all the research we have around these 14 themes and considers the implications as you plan for PR24

You have more insight around some social value themes than others

- Looking at your entire body of research through the prism of the 14 social value themes, you have most insight around:
 - Climate change and carbon emissions (light green in the diagram opposite)
 - Vulnerability and affordability (yellow)
- You have least insight around:
 - Air quality (purple)
 - Mental health and health/wellbeing (dark blue)
 - Environmental equality (brown)
 - Education, skills, STEM, employment, community support, charities and partnerships (all pink)



Mind map of all insight around the 14 themes

Social value: key insights and implications



Insight: Customers don't think very deeply about your wider social value. They prioritise core services and trust you to do the right thing, unless they hear otherwise. However, during the pandemic, company ethics have come to the fore

Implication: Your social impact is likely to rise up the agenda for customers, as it will do for regulators



Insight: The environment is a higher priority for customers in 2021 than in 2016, especially for FBPs. Customers ideally want targets, linked to business performance, and transparency around progress

Implications: Demonstrate commitment to the environment by following a "do no harm" strategy. Publicise progress against targets (net zero, green fleet, peatland) as well as generative work on biodiversity e.g. Rivers Trust



Insight: Climate change is a growing concern. Customers assume it will only get worse but feel powerless to stop it. They don't easily relate your services to preventing it. They more easily associate it with nature & biodiversity



Insight: In late 2021, sewer overflows came to define views of your environmental credentials. Customers want preventative investment and ideally "zero spills". We don't know if this view will last

Implications: Consider minimising overflows through investment. Publicise progress. And where they're necessary, be transparent



Insight: Customers struggle to see a role for you in society beyond affordability and helping those (financially) vulnerable. There's limited and falling awareness of existing schemes

Implications: Raise the profile of existing schemes and demonstrate their impact



Insight: Access to water for recreation has clear physical and mental health benefits, especially during the pandemic. But more customers could be aware of your contribution to specific sites

Implications: Showcase your involvement on site (e.g. signage) and invest in facilities and parking

The customer context

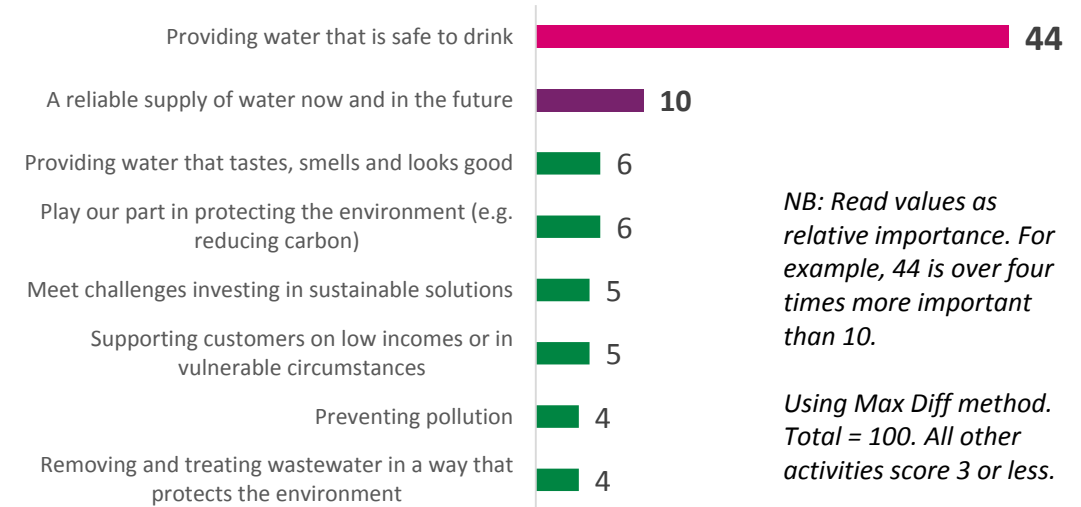
Where are customers starting from?

Your customers will always prioritise your core activities, but company ethics are becoming more important

Before delving into any detail, it's worth bearing four principles in mind:

<p>1. Customers prioritise you providing 'brilliant basics' over anything else</p>	<p>Providing safe water to drink is over seven times more important than protecting the environment. Reliability and trustworthiness are also more important.</p>
<p>2. Customers don't think very deeply about your wider social value</p>	<p>This means they don't easily separate their views into the themes covered in this report e.g. they conflate climate change with the local natural environment and biodiversity</p>
<p>3. Customers see UU as reasonably socially responsible</p>	<p>This is on a par with trust in UU and with your customer service. All of which has been consistent throughout 2021*</p>
<p>4. Company ethics are becoming more important</p>	<p>We did see a shift during the pandemic; over a third (38%) of customers say they are more likely to spend with ethical companies over the next year</p>

Relative importance to customers (Dec 2021)



Brand perceptions of UU out of 10 (Nov 2021)



Sources: 9, 10, 16, 20, 21 / * The last wave of the Brand Tracking was November 2021. We will monitor the effects of sewage overflow coverage in the next wave (April 2022)

Overall, the environment is rising up customers' agenda and customers want to see more transparency here

THE ENVIRONMENTAL CONTEXT

- Historically, customers haven't been very interested in what we're doing to tackle our impact on the environment
- This is changing; **the environment is higher priority in 2021 than in 2016, especially for Future Bill Payers, and rising**
- Customers generally feel you're doing a good job on the environment e.g. maintaining clean sites, preserving biodiversity, keeping reservoirs in good condition etc.
- However, recent negative media coverage of sewer overflows has had negative impact on perceptions and it's currently unclear whether this will be sustained*
- Overall, customers would like to see more transparency around environmental targets and see these integrated into business performance

What this means for you: As customers' environmental focus increases, transparency and targets can win trust. Closely monitor the longer-term impact of sewerage overflow coverage

As future bill payers I think the environment is such a big part of who we are and what we think is important, and companies that focus on that and advertise that, are a lot more attractive in that sense. It makes you feel better about paying those bills; it makes you feel that you're doing something good.

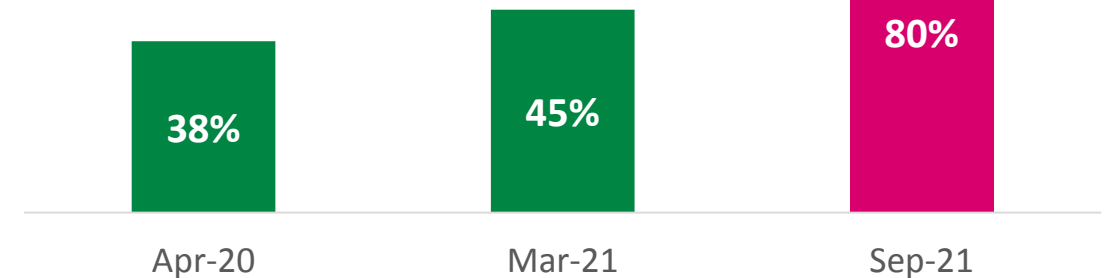
Future Bill Payer



Different question in September 2021:

% of UU customers very/quite concerned about the environment at this time

% of UU customers saying it's more important to protect the environment now than before the pandemic



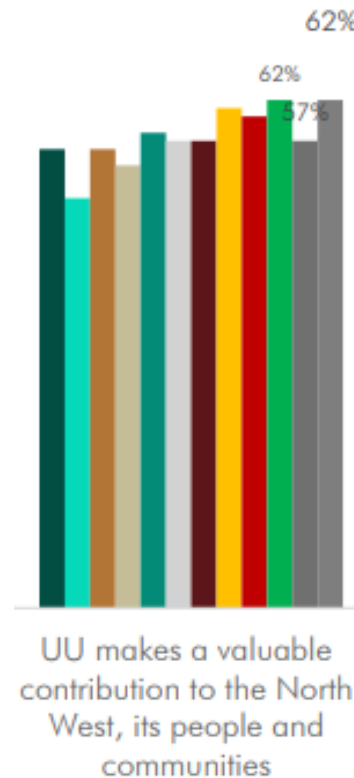
Sources: 10, 13, 16, 20, 21 / * See slide 13 for more detail

Customers struggle to think about your role in wider society

THE SOCIETAL CONTEXT

- Customers find it hard to imagine a role for UU addressing wider societal issues
- There is generally low awareness of what you are doing in this space
- However, around two-thirds of customers agree UU makes a valuable contribution to the North West. This has been steadily rising
- And customers would like to hear more about what UU is doing (in particular, in their community, at a local level)

Brand tracking (up to Nov 2021)



I'm not sure a water company whose main purpose is to manage and maintain supply and quality of water and being environmentally responsible should be getting involved with social issues? I'd rather they concentrated on their core purpose. The government is supposed to address poverty by their policies, police deal with crime etc."

Female, 35-54, Lancashire



79% of customers are interested in receiving comms about what UU is doing "in my local area and community"

"I haven't seen anything about how UU supports social issues"
Female, 35-54, Greater Manchester

What this means for you: Help customers make the connection between your activities and your wider role in society. Communicate more often about existing initiatives, especially local activity

Sources: 13, 16, 20

Your environmental value

What do customers think should be your environmental role?

Climate change and carbon emissions are a growing concern, but customers struggle to relate to it and feel powerless

The climate is a growing concern

- Not even a top four priority for customers in 2016
- But in 2021, protecting the environment, reducing carbon and building future sustainable solutions are customers' second priorities for UU (after your core services)
- Climate change is now a top three concern among the general public* and a concern for all UU customer types



In 2021, more people around the world searched for "impact of climate change" than ever before (Google)

And it's only going to get worse

- The public don't feel enough is being done to tackle climate change, especially as large scale cultural and economic shifts are needed
- Customers struggle to make the connection between what they or UU do and climate change
- It is seen as a global issue and the average person feels powerless. Climate change feels uncontrollable

Everyone knows there's things to be done but it's like trying to turn the steering wheel of a car going down a hill with no brakes. We're too far gone to make a difference.
35-54, London, ABC1

But they want to hear what we're doing

- Climate change is seen as a joint responsibility (UU, customers, Gov't)
- However, they expect companies to minimise their contribution to climate change as well as take proactive steps to manage its impacts (ideally green solutions e.g. restoring peatland or building wetlands)
- They are satisfied when they hear what UU is doing to tackle climate change but they want to hear more about it

What this means for you: Actively promote the actions you're taking to address and plan for climate change (e.g. net zero and green fleet targets, restoring peatland) to reassure customers you're doing all we can

Sources: 1, 9, 10, 12, 19, 21, 22, 23, 24

* Behind COVID and poverty/inequality

Customers most easily relate to climate change through nature and biodiversity. They want to hear more from you on this

In May 2017, 92% of HH customers agreed “protecting lakes, rivers, reservoirs, fish and other aquatic plants and wildlife is really important to me”



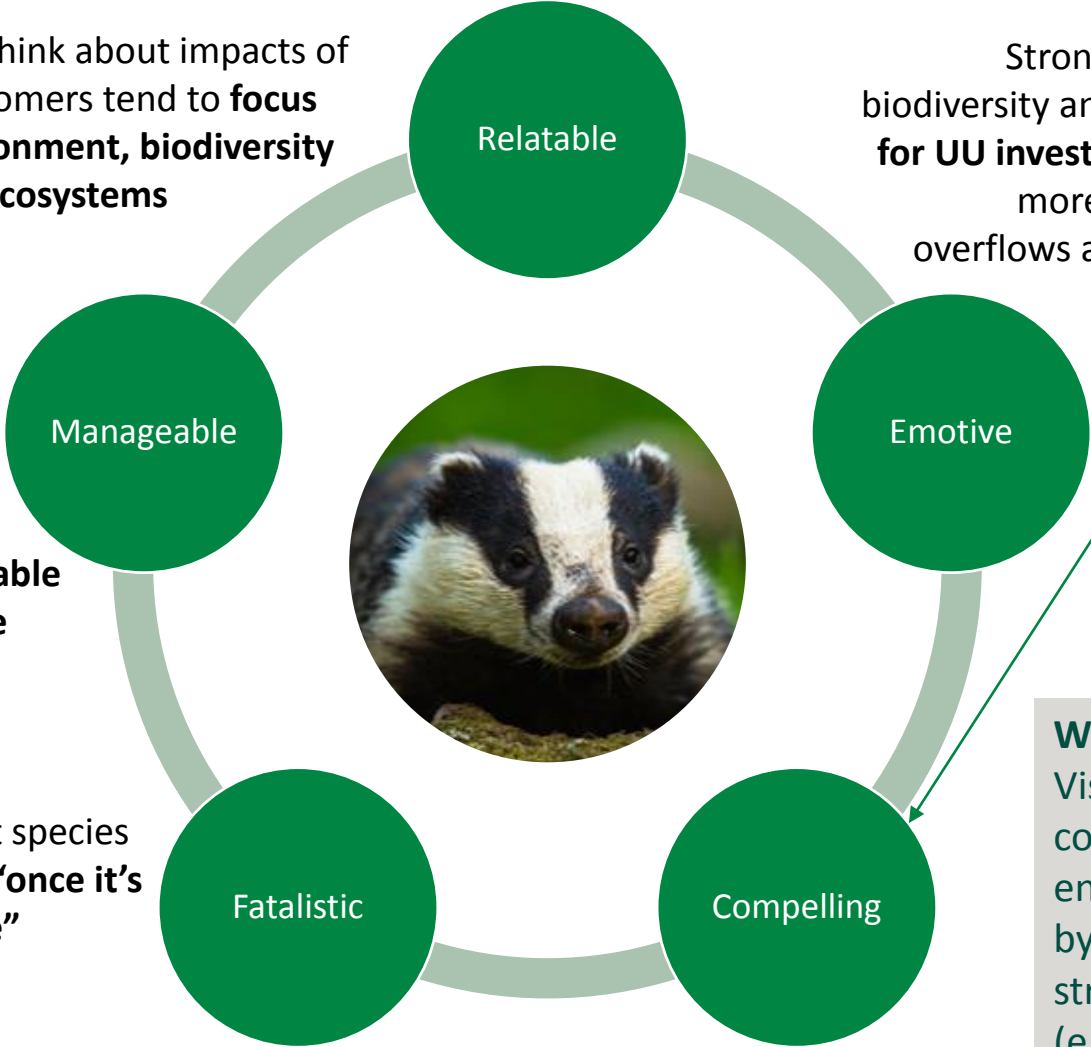
And, in Sept 2021, customers’ 2nd biggest concern for the region was protecting the natural environment*

When prompted to think about impacts of climate change, customers tend to **focus on the natural environment, biodiversity loss, and damaged ecosystems**

Protecting the local natural environment **feels less uncontrollable and more achievable** than tackling global climate change

Concern about species in particular - **“once it’s gone, it’s gone”**

Sources: 3, 9, 16, 19
* First was tackling poverty and inequality
** Alongside drought prevention and sewer flooding



Strong feelings about protecting biodiversity and **customers’ no.1 priority for UU investment**** to invest and even more so when they think about overflows and their impact on wildlife

Of all efforts to tackle climate change, customers are **most interested to hear** what UU is doing to reduce its impact on the natural environment

What this means for you: Visibly demonstrate commitment to the natural environment and biodiversity by following a “do no harm” strategy. Point to examples (e.g. Rivers Trust) where you’ve also been generative

Overflows now define customers' view of UU when it comes to environmental quality, but we don't know if this will be sustained

After your core services, and considering discretionary expenditure, customers want you to protect the environment, prevent pollution, and take water/remove wastewater in ways that don't harm wildlife. **In short, they expect you to "do no harm"**

Sewer overflows now dominate this agenda:

- In 2016 and for most of 2021, this wasn't on customers' radars
- Overflows gained traction late 2021 and are now very emotive
- In Oct 2021, customers who weren't originally aware of overflows became "horrified" and "disgusted" when they hear about it
- And by Dec 2021, overflows are **the top environmental priority for UU investment** (household and business customers)
- Customers feel the current number of spills is too high and think "zero spills" should be our aspiration*

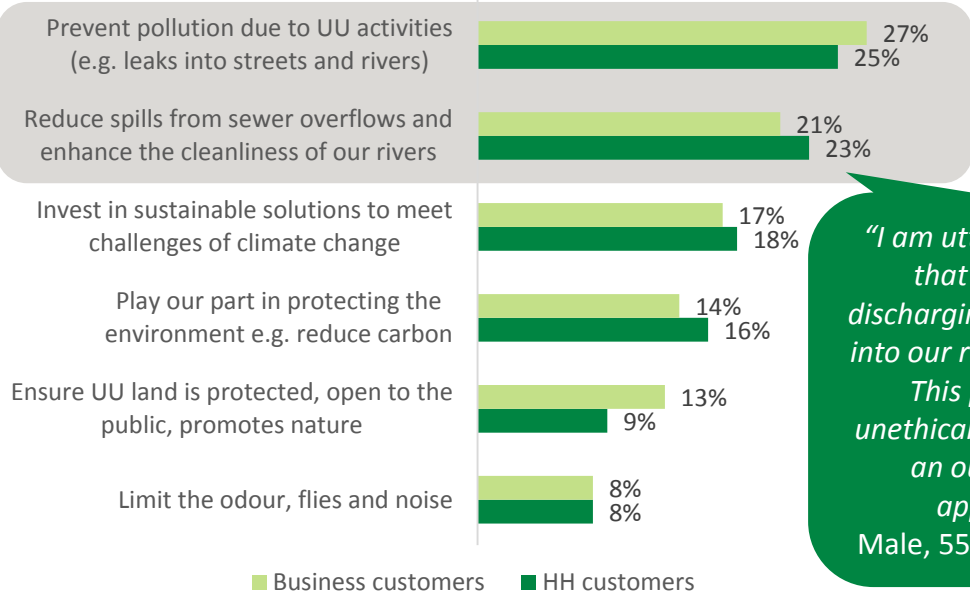
There are other, lesser environmental quality issues:

•At the beach, shore cleanliness is more important than water quality (most aren't using the water and judge quality aesthetically)

Customers expect you to be already managing land with landowners to improve water quality (and if not, why not?)

Those using waterways for leisure would like litter addressed (bins and education) as well as paths and overgrowth managed better

Environmental priorities for UU investment (% ranking each as 'most important' – Dec 2021)



"I am utterly appalled that UU is still discharging raw sewage into our rivers and seas. This practice is unethical, immoral and an out-of-date approach"
Male, 55+, Merseyside

* When exposed to the reasons for overflows in detailed qualitative research, customers broadly accept the need for them. However, this approach isn't scalable

Sources: 1, 2, 7, 12, 15, 19, 20, 21

What this means for you: Consider solutions to minimise overflows / work towards "zero spills" with transparent targets. Where possible, explain their need/purpose to customers

Other aspects of environmental value are less concerning, but customers do want more investment in infrastructure and land management



8. Equality of environmental quality and investment

- Customers feel the **NW has been under-invested in** (e.g. Victorian combined sewers) and developments seldom have community interests at heart i.e. overdeveloping with little supporting infrastructure
- They are interested in investment for “shared community benefits” i.e. sustaining water supply, reducing flooding, but also protecting the environment for future generations

Two-thirds of customers support investment in sustainable land management (even if bills increase £0.27 per year)



4. Place-based planning and investment

- Customers are mostly focused on ‘place-based’ issues local to them e.g. bathing water quality in Blackpool, reservoir cleanliness in Penrith
- Urbanisation and loss of green space isn’t a major concern
- But customers feel the **appeal of the region could be enhanced** with improved water quality and investing in a healthier natural environment

Three-quarters of customers are interested in having a say about how UU manages land



5. Air quality

- Companies are expected to reduce their environmental impact by reducing air pollution
- But limiting odour, flies and noise from UU operations is the lowest of all environmental investment priorities for customers (Dec 2021)
- If customers aren’t affected by air quality, it isn’t a priority*

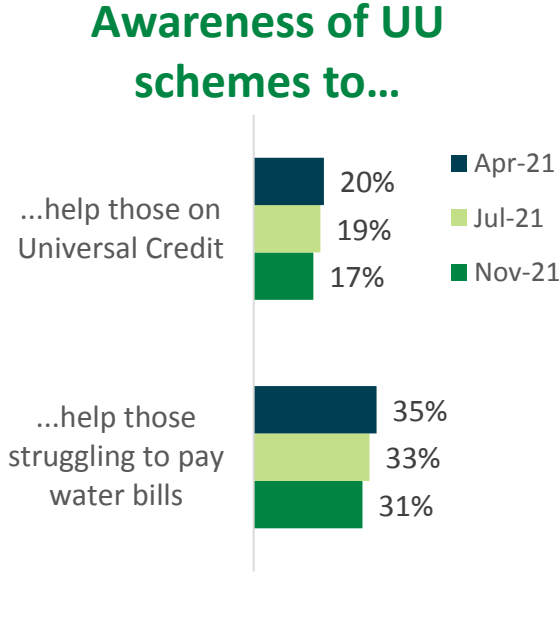
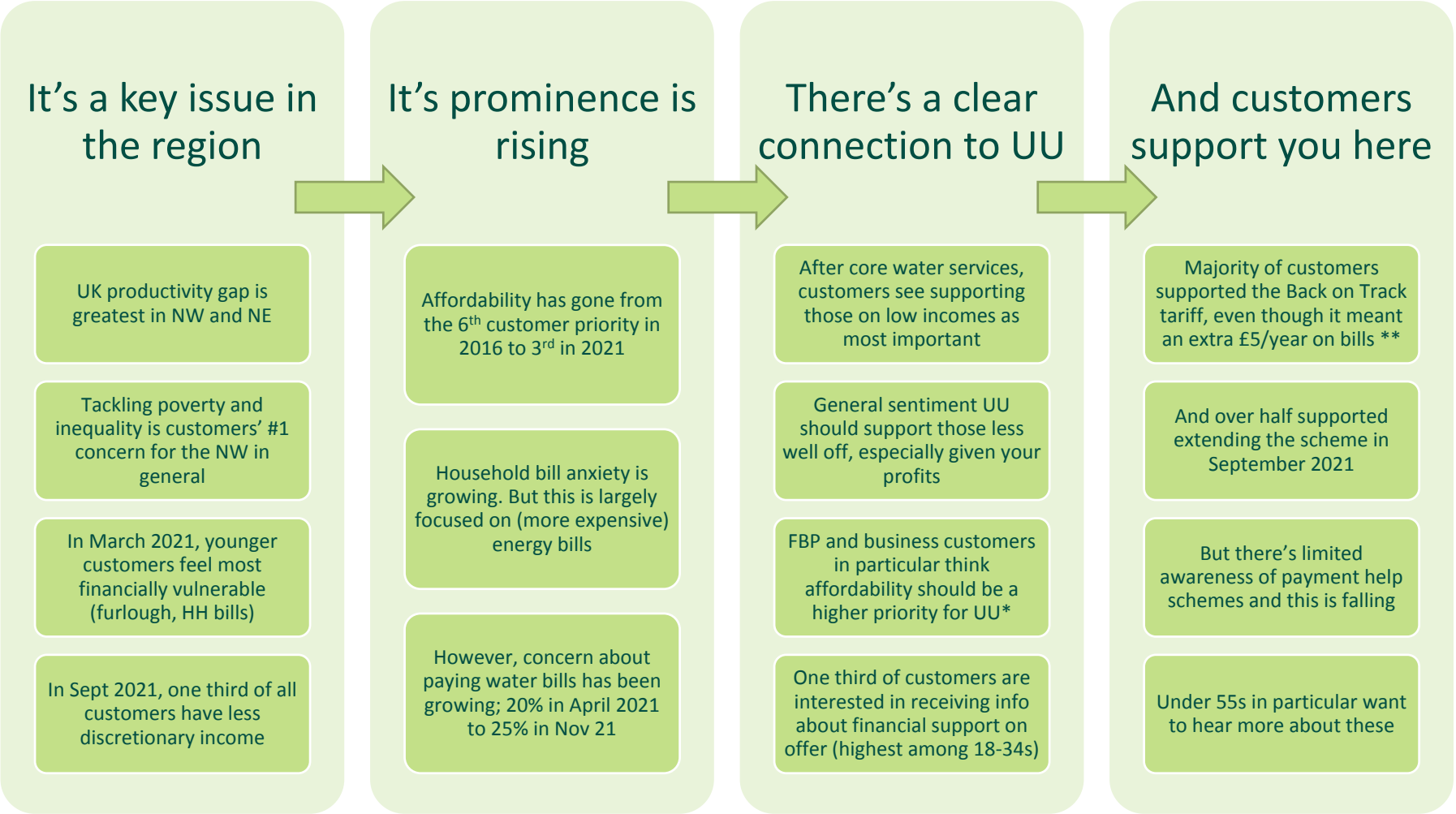
What this means for you: Shout about any investment in infrastructure which benefits the community, water quality or land management in the region

*Sources: 1, 4, 12, 16, 19, 21 / * See Manchester Clean Air Zone where people are protesting against the charges rather than pollution levels*

Your societal value

What do customers think should be your societal role?

Of possible societal roles, customers find it easiest to imagine you addressing affordability and (financial) vulnerability



What this means for you: Focus on maximising the potential of (popular) existing initiatives. Raise their profile and demonstrate the impact they're having on financially vulnerable customers

Sources: 6, 10, 13, 16, 17, 20, 21 / * For FBPS, this is related to the higher cost of living. And smaller businesses feel they are subsidising larger businesses / ** Lowest support comes from those on middle household incomes (£40-50k) who feel squeezed by large outgoings but receive little Gov't support

6. Access & recreation

7. Health & wellbeing

10. Mental health

Your role in recreation is intertwined with wellbeing and mental health



Access to water improves wellbeing and mental health

- Since the pandemic started, outdoor spaces to exercise and socialise have become more important
- Waterways play an important role in mental wellbeing – allowing people to relax and unwind
- Open access and recreational use of beaches are valued highly (£15 per visit)
- People most enjoy beaches for walking, fresh air and relaxing, and the main water-based activities are paddling, rock-pooling and swimming

Two in five customers are walking more than pre-pandemic and one in five are visiting more natural beauty spots in the NW (Sept 2021)

“I love to be by the water side as it really positively aids my mental health.”
Female, 35-54, Greater Manchester

What this means for you:

Raise awareness of existing UU sites for recreation and leisure activities. Showcase UU’s contribution and investment, including in facilities, parking and site maintenance cf. “UK Aid from the British people” logo



Access to UU land doesn’t seem a priority but this may be down to low awareness

- Public access to UU land is a low priority for both HH and business customers
- However, one third visited a UU recreation between March & Sept 2021
- And 22% of those who are aware of the reservoir or recreation sites have visited one in the past 12 months (the most popular being Rivington)
- Two-thirds want info on how to access and things to do at UU parks and rec sites
- At the sites themselves, visitors would like to see more parking provision, better toilet facilities and maintained footpaths (including removing litter)

28% of site visitors don’t know UU owns them (but when they do, it makes them view UU more positively)

Diversity and inclusion (D&I) isn't on most customers' radars, but they assume you perform well on this issue



67% of customers have no opinion on UU as a D&I employer

40% are uncertain if UU values D&I among customers



Top 5 perceived diverse & inclusive North West companies (pre-coded)



38%



31%

Iceland

29%

Warburton's

23%



22%

Source: DJS research

1. MOST HAVE NO VIEW ON D&I

It's a lower priority than "brilliant basics" i.e. caring about customers and being seen as trustworthy. Customers struggle to give a view on whether you are a D&I employer or whether you value D&I among customers

2. IT'S MORE IMPORTANT TO SOME

Young, BAME, LGBT customers, or those with disabilities say D&I is more important. They're also significantly more likely to agree UU values diversity and ensures that customers feel valued

3. YOU HAVE THE BENEFIT OF THE DOUBT

Being seen as not D&I is potentially damaging (e.g. negative coverage of Sports Direct, BBC). But with no negative stories about UU in this area, they perceive you're better than or on a par with others in the region

4. D&I NEEDS TO BE COMMUNICATED CAREFULLY

Overall, two-fifths of customers want more comms from UU showing how D&I we are. However, be careful to avoid being too defensive (as if you have something to hide) or being seen as tokenistic

If they actually are a diverse and inclusive employer then they can show that through the people we interact with on the phone, the people we see out working, and photos of actual employees on the website.

Female, 45-54, Manchester

Sources: 5, 8

What this means for you: Monitor diversity gaps. Be careful to show D&I in external comms, but be careful not to raise any undue concerns

Constantly informing [us] how good they are in this respect, may cause some to wonder why they are doing so. Their actions and workforce happiness and occasional reminder should suffice."

Male, 65+, Merseyside

Customers can see a role for you educating around your core services and helping the community through affordability initiatives

11. Education & skills

- Education in schools has the potential to provide a link between you and FBPs
- Promoting water efficiency and educating people about safe disposal (the three P's) are key customer priorities

“Promoting water efficiency” is customers’ #1 WRMP priority and #2 DWMP priority

12. Partnerships

- Customers want to see UU partnering to protect water in the region e.g. joint planning of infrastructure projects, relieving pressure on sewer system
- But this is primarily focused on working with councils, builders, other utilities than working with charities or other organisations

94% of customers want to see UU working with partner agencies when considering initiatives

13. Community support

- Working with the community reinforces collective responsibility (when it comes to tackling climate change) and community came to the fore during the pandemic
- Minimising street/travel disruption from works is only important to those affected
- But the most tangible way UU can help the community is affordability/vulnerability

72% said supporting the community has become more important in light of coronavirus*

Sources: 1, 5, 9, 12, 16, 17

* April 2020

What this means for you: Step up efforts to promote water efficiency and safe disposal, particularly in schools. Work with partners and the community to minimise disruption and future-proof water for the region

Gaps

What gaps are there in your insight?

There are several social value gaps in your insight, but to fill them would require research focused on specific ideas and initiatives

You have little insight around six social value themes:

- 7. Health and wellbeing** (water's role, access to green space, physical health)
- 8. Equality of environmental quality and investment** (poor vs affluent neighbourhoods, env. justice)
- 10. Mental health** (association with bills, green space, climate change anxiety)
- 11. Education and skills** (schools, WE education, skills, youth unemployment, STEM, site visits)
- 12. Partnerships** (working with others, charities, interest groups, community groups, council and LAs)
- 13. Community support** (charity donations, community engagement, events, disruption)

These gaps exist because they haven't come up spontaneously in explorative research (e.g. mental health associated with bills), they haven't been the subject of deep dive research (e.g. the potential appeal of the Anglian Water [Positive Difference Fund](#)), and/or they aren't issues customers easily associate with UU or the wider water sector.

Financial value of societal and environmental activity

You also have **little insight on the financial value of social value issues***. While this will need a carefully designed piece of research, you could examine the individual social value levers and their impact on price.

Governance

And we think more about ESG more broadly, you also have **little insight (or we haven't seen any insight) around Governance**, (e.g. fair treatment of staff, executive pay/rewards, tax strategy, risk and culture).

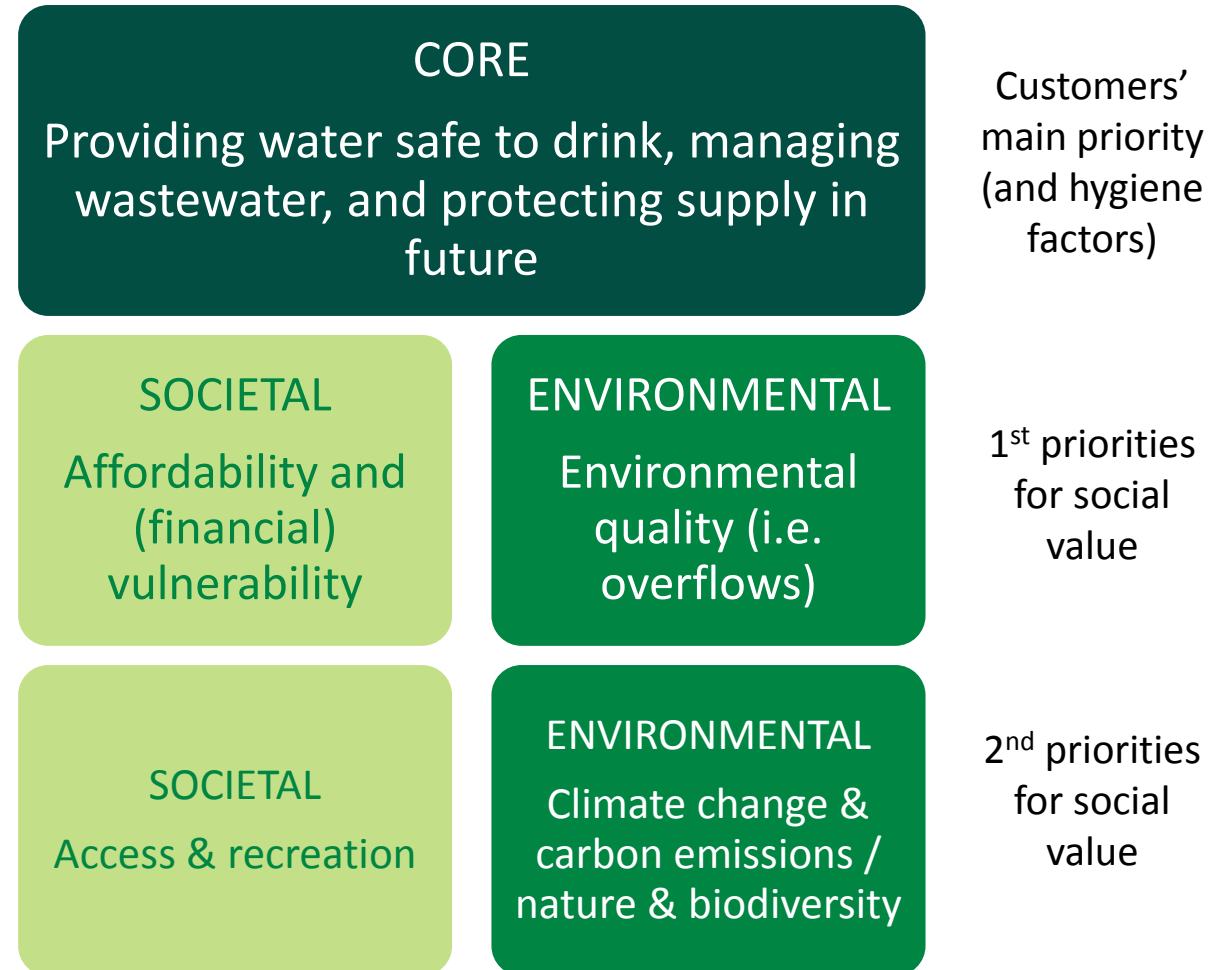
What this means for you: Customers can't imagine what further role we could play in many of these areas. Consider further research in these areas and focus on specific ideas or initiatives, their impact, and in particular, on price perceptions.

** You do have insight on how much people are prepared to pay per trip to the beach (£15), to invest in sustainable land management (£0.27p pa), and to have a whole suite of priorities including many core services (£13 pa). But nothing which breaks this down into individual issues.*

Final thoughts

Your research reveals four fundamental truths

1. Customers **don't think about your social value and these issues** very often
2. Customers ideally want you to pursue a **"do no harm" strategy** (whether this is carbon emissions, protecting biodiversity, river pollution, or affordability)
3. Customers trust you and **assume you aren't doing any harm, unless they hear otherwise**
4. Customers **want to know more** about what you are doing around social value





Thank you

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Appendix: sources

Ref	Title	Author	Date	Ref	Title	Author	Date
1	Customer Priorities Debrief FINAL with ANNEX	Boxclever	Nov-16	13	Brand Trackers - Waves 31-33	McCann	Apr-21 to Nov-21
2	Bathing Water Debrief FINAL	Eftec and ICS Consulting	Dec-16	14	Billing Propositions online survey	DJS	Jun-21
3	WRMP19 Supply and Demand - Quant and Qual	DJS	May-17	15	Waterways - WaterTalk forum		Jul-21
4	Water Catchment Debrief FINAL	Verve	Nov-17	16	State of the Nation - COVID-19 tracking wave 3	Verve	Sep-21
5	Covid-19 impact report v6	Verve	Apr-20	17	Social Tariff Acceptability - Extending the Social Tariff	InSites Consulting	Sep-21
6	Social Tariff Acceptability	Verve	Apr-20	18	Water Reuse - WaterTalk forum		Sep-21
7	Customer Priorities report v2	Verve	May-20	19	Sewer Overflows - Qual Findings	Verve	Oct-21
8	Diversity and inclusivity	DJS	Sep-20	20	Issues Facing the NW - WaterTalk forum		Nov-21
9	Climate Change report	DJS	Feb-21	21	United Utilities Customer Priorities	Impact	Dec-21
10	Covid-19 impact wave 2	Verve	Mar-21	22	Google Year in Search 2021	Google	Dec-21
11	Asset Health Research	Verve	Apr-21	23	Mood of the Nation	Britain Thinks	Dec-21
12	WRMP & DWMP Research	InSites Consulting	Apr-21	24	What does net zero mean to citizens today? (waves 1-3)	Britain Thinks	2021

See [mind map for fully referenced visualisation](#) of all insight