

Accent



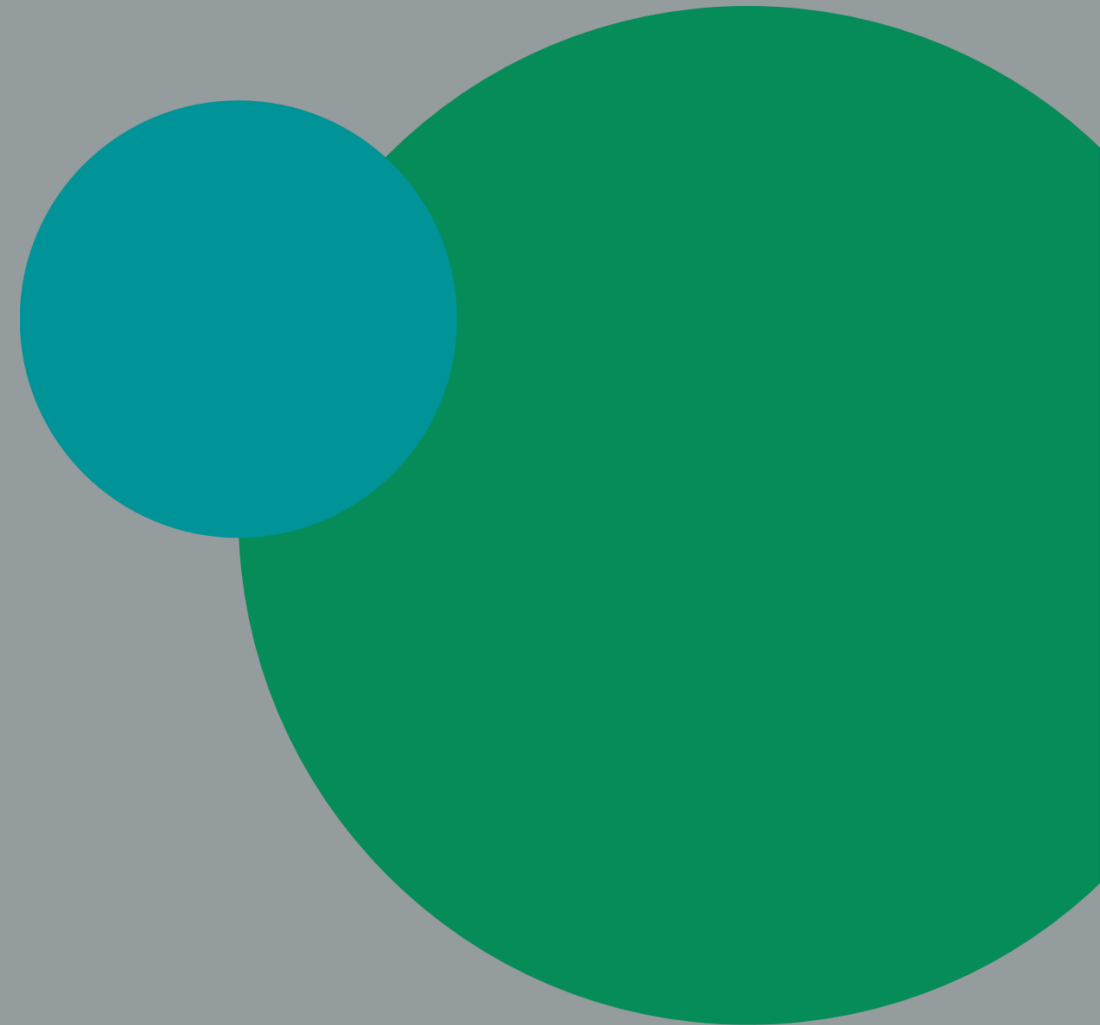
Affordability & Acceptability Testing 1

Quantitative Report

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09 June 2023 | 3606 United Utilities AAT1 -
Quantitative Fieldwork Report

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Executive Summary



Methodology

700

Interviews
total



597

Household
(HH)
participants



103

Non-Household
(NHH)
participants



Findings

The economic circumstances for many participants were not favourable

Roughly half of household (HH) participants were struggling financially, and prospects for improvement are scant. Businesses were somewhat less troubled, with around a third struggling financially but had more positive longer-term prospects.

Affordability of the proposed business plan was low at 13% overall

Just 9% of households and 39% of non-households said the increases would be fairly or very easy to afford.

Acceptability of the proposed plan was high at 72% overall

69% of households and 88% of non-households said it was either acceptable or completely acceptable. Only 11% of households and 6% of non-households said it was unacceptable or completely unacceptable.

Leaks, Pollution Incidents, and Affordability Support for vulnerable customers were the top priorities for both households and businesses

Fieldwork Methodology & Demographics



Methodology & Demographics (Household customers)

- The data presented in this report is from an initial 'light touch' AAT1 survey to get an **early indication of affordability**. Findings and learnings from this element of the research will be applied to the full AAT2 quantitative survey approach.
- **Household participants were approached by email only, inviting to web.** In AAT2, customers without email addresses will be approached by post, and paper versions will be available, in accordance with the Ofwat/CCW guidance.
- **In all other respects the Guidance was followed:**
 - A random selection of customers across the supply area was approached.
 - Lower IMD (indices of multiple deprivation) deciles were over-sampled and higher IMD deciles under-sampled, to compensate for lower response rates.
 - An incentive of £10 was offered to encourage participation.
 - Future customers were not included.



Weighting

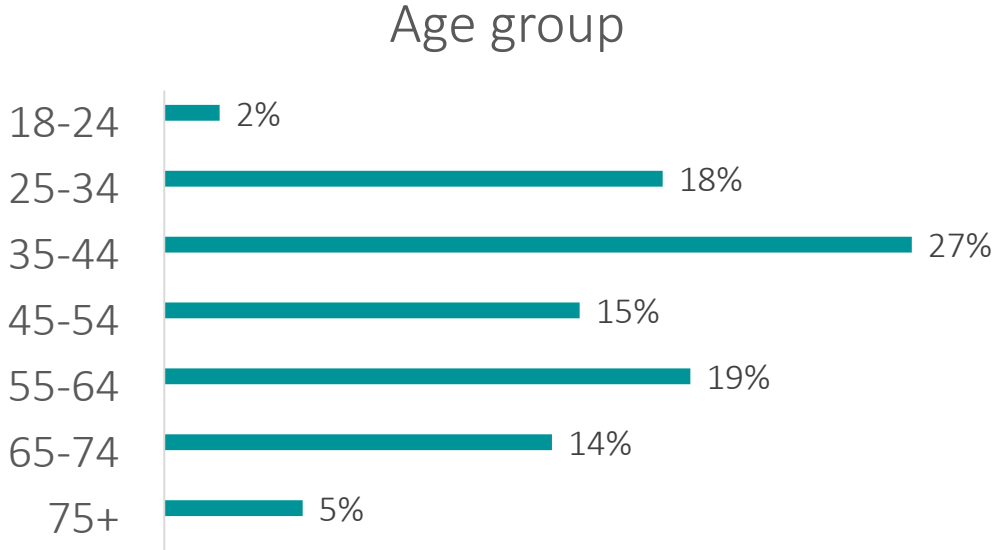
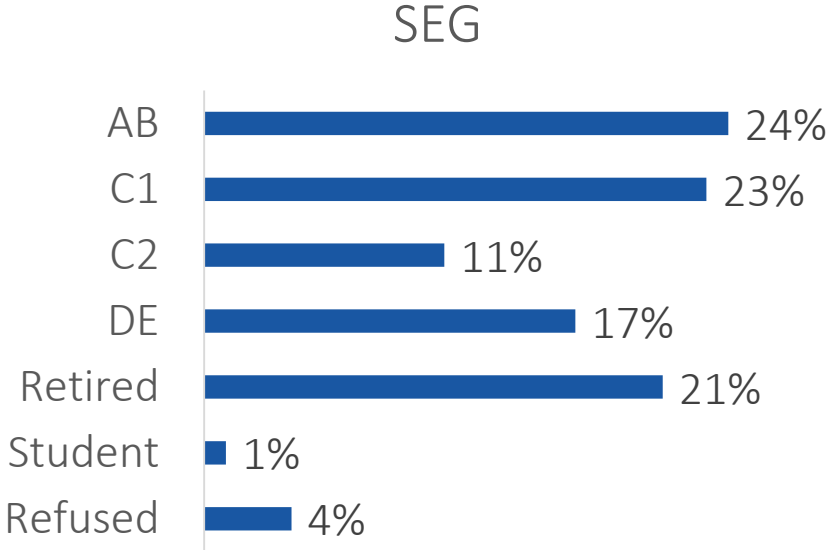
- Survey responses for both HH and NHH were weighted back to the UK population.
- SPSS was used to run RIM weighting (Random Iterative Methods, or “Raking”).

Gender	Population	Achieved
Male	49%	48%
Female	51%	52%
Age		
18-34	30%	20%
35-64	48%	61%
65+	23%	19%
SEG		
AB	20%	
C	51%	
DE	29%	

NHH size (number of employees)	Population	Achieved
0	15%	5%
1-49	35%	34%
50-249	15%	31%
250+	35%	30%

Methodology & Demographics (Household customers)

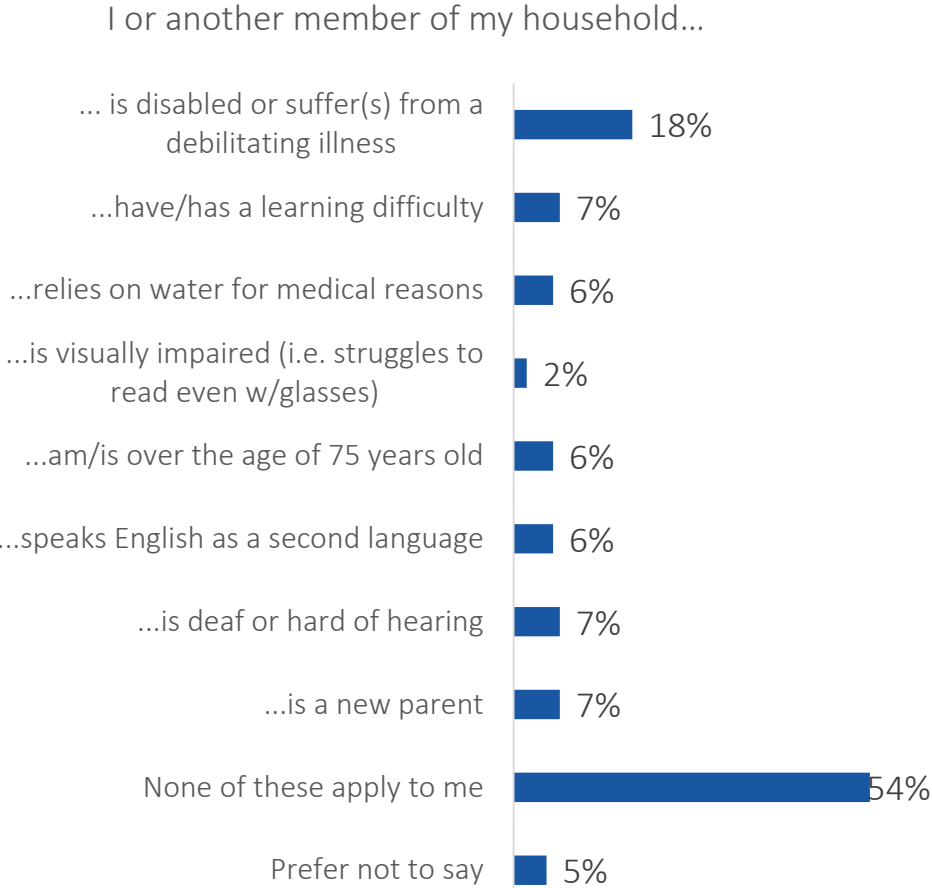
- 597 Household participants were interviewed.
- Broadly speaking demographics fell out well
 - Participants from higher socio-economic backgrounds were over-represented in the data. This is despite under-sampling higher IMD decile addresses. This is in line with the expectations of the methodology. It is anticipated that introducing postal invitations in AAT2 may go *some* way towards compensating for this bias.



Base: All household participants (597)

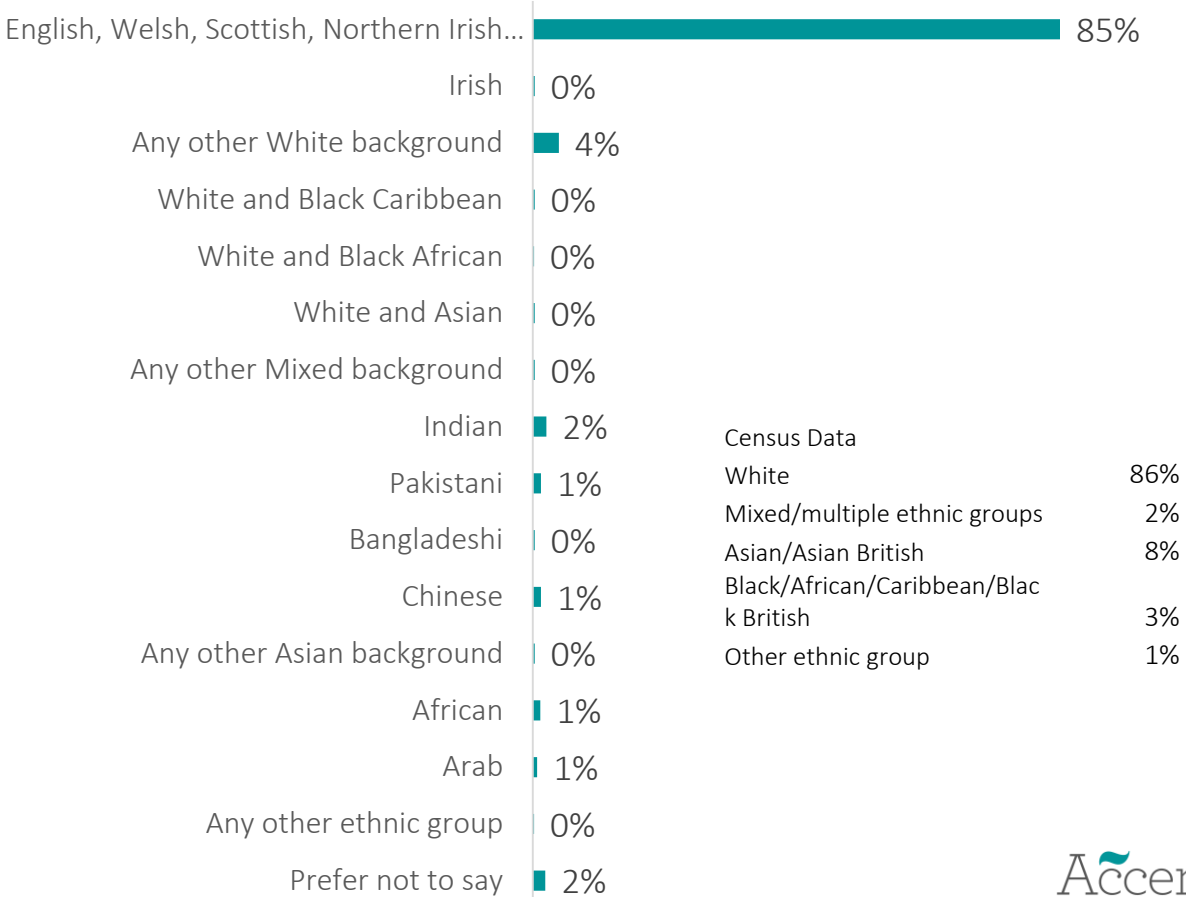
Demographics (Household customers, Cont.)

Participants with a range of vulnerabilities were well represented, with fewer than half of households reporting none present



Base: All household participants (597)

Although the ethnicity bandings used do not correlate directly with census data, the spread found (89% white, 4% Asian, 0-2% for other groupings) was fairly representative



Methodology & Demographics (Non-Household customers)

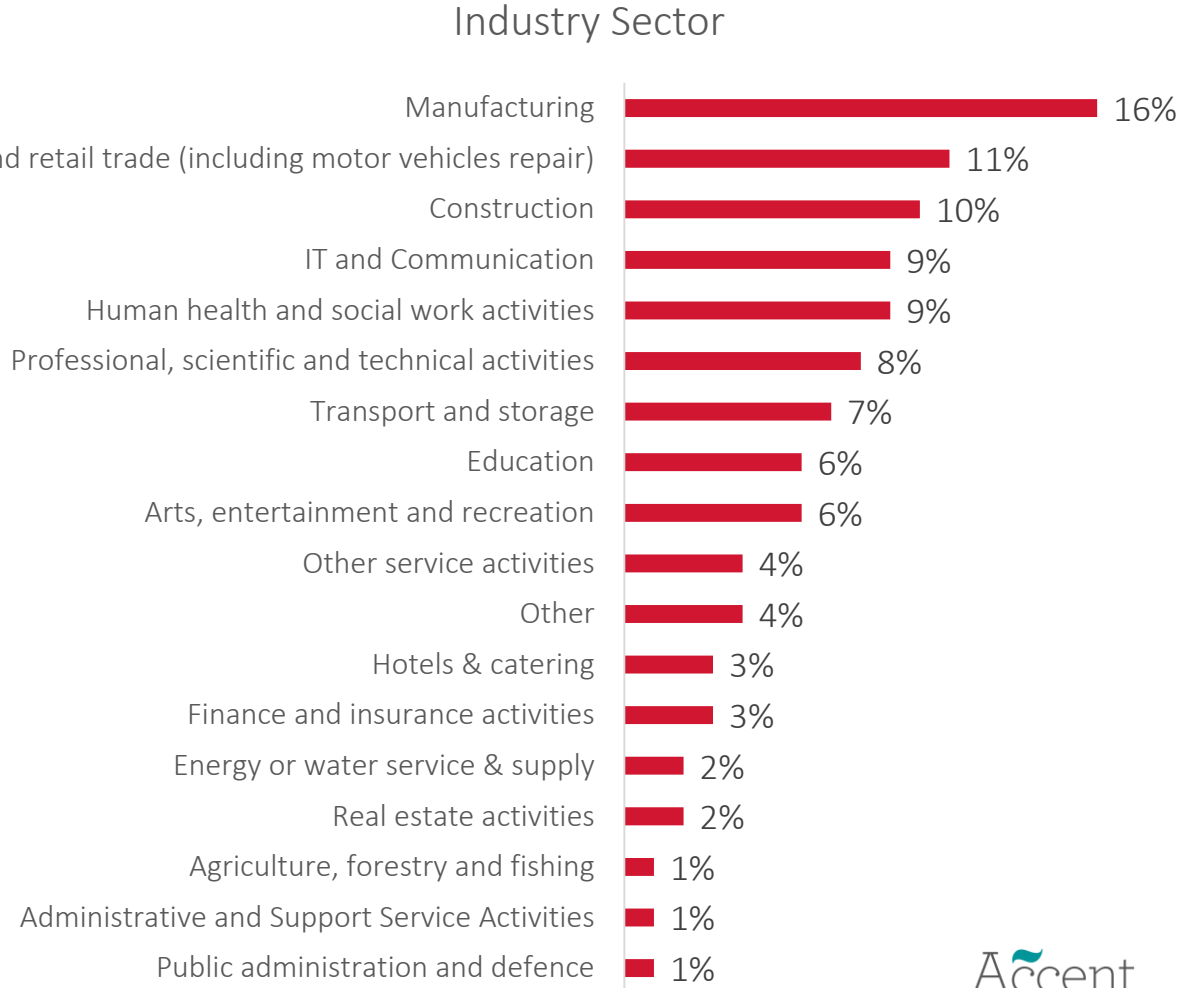
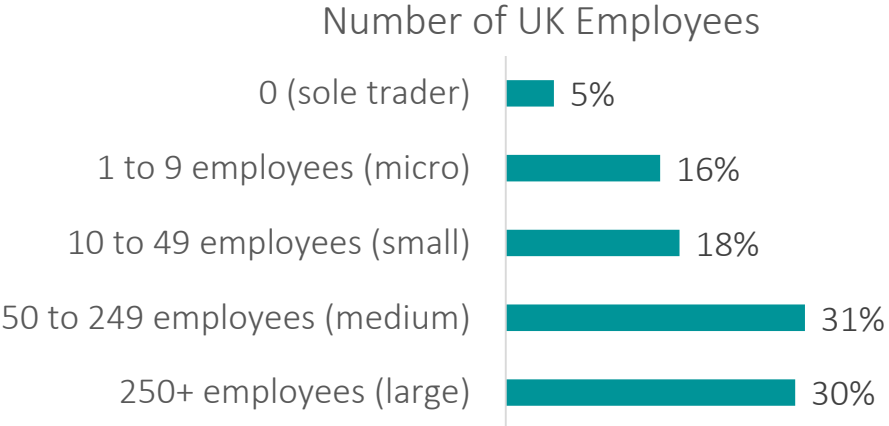
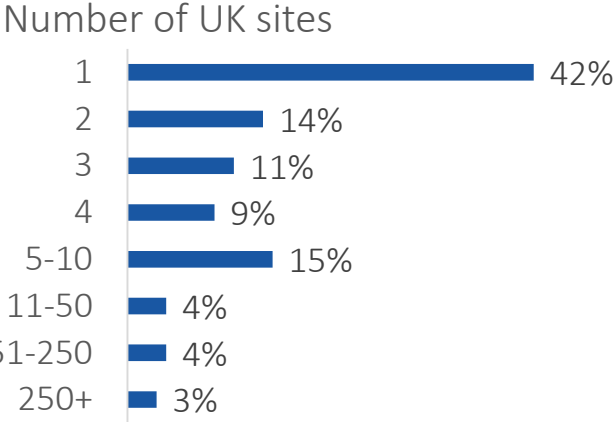
- 103 Non-Household participants were interviewed
 - 92 via NHH an online panel
 - 11 via CATI (computer assisted telephone interview)
- CATI participants were recruited by phone, emailed/given a link to the necessary materials, and interviewed at a time convenient to them. **This is entirely in line with the guidance.**
 - Emailing the entire questionnaire was trialled (without success)
- Businesses with a range of dependencies on water were interviewed:



Base: All non-household participants (multi-code) (103)

Demographics (Non-Household customers)

Both single and multi-site organisations of various sizes were interviewed, from a range of industry sectors.



Base: All non-household participants (103)

Sampling Observation (Household customers)

- The Ofwat/CCW Guidance, mandates over-sampling areas of higher deprivation (= lower IMD quintile properties) to compensate for their lower likelihood to respond. Suggested factors of compensation were provided.
- The “Ofwat adjustment factor” provided was very close to the adjustment factor that can be calculated as a result of the fieldwork conducted here (“Calculated adjustment factor”).

IMD Quintile	Records in sample	Interviews Achieved	Actual Conversion Rate	Expected Interviews (at average response rate)	Ofwat adjustment factor	Calculated adjustment factor
1	3399	198	5.8%	239	1.25	1.21
2	1665	113	6.8%	117	1.1	1.03
3	1171	91	7.8%	82	1	0.90
4	1244	103	8.3%	87	0.9	0.85
5	901	84	9.3%	63	0.75	0.75
Unknown	120	8	6.7%	8	1	1
	8500	597	7.0%	597		

- It could be argued that the lower deciles require less boosting than suggested by Ofwat– but without having considered postal response rates, that may not be prudent. There is the necessary information available (from the recently conducted postal ODI work) that will enable this consideration to be given, and a measured decision for AAT2 to be made.

Sampling & Methodology Observations (Non-Household customers)

- Recruiting and conducting interviews through the CATI approach proved very difficult throughout this fieldwork, and fewer CATI interviews were achieved than were aimed for. The primary reasons were:
 1. high refusal rate
 2. large number of “not in scope” participants (primarily due to not having a business water supply)

	All	Recruited
01. Interview Achieved	11	11
04. Call again	175	0
06. No Reply/Answerphone	597	0
07. Refusal	369	3
08. Not Available During Survey	159	0
11. Number Not Recognised	133	0
14. Not In Scope	176	0
16. Other	114	13
All Sample	1734	27

- For AAT2, adjusted and additional interviewer training will be provided to address the high refusal rate.
- Sample analysis, and subsequent specification refinement, will be conducted to address issues with “not in scope” participants

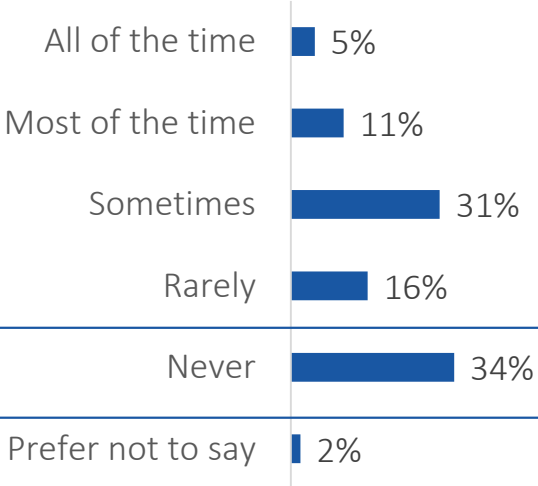
Research findings and results



Financial Temperature Check – (HH)

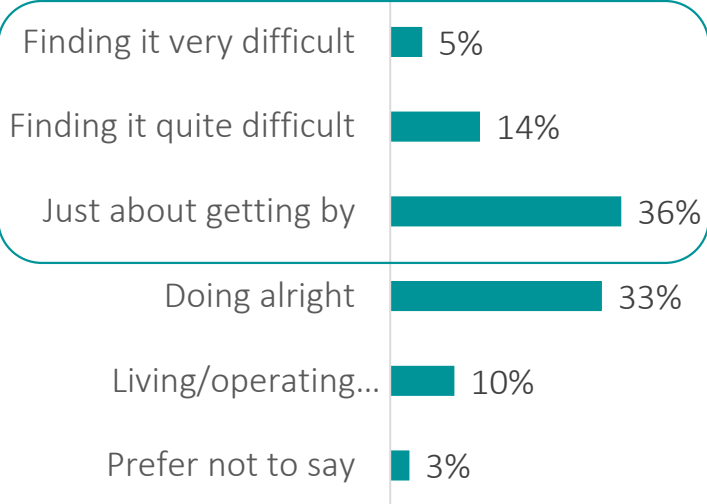
Only 34% of households said they never struggle to pay their bills

Q9: Thinking about your finances over the last year, how often, if at all, has your household struggled to pay at least one of its bills?



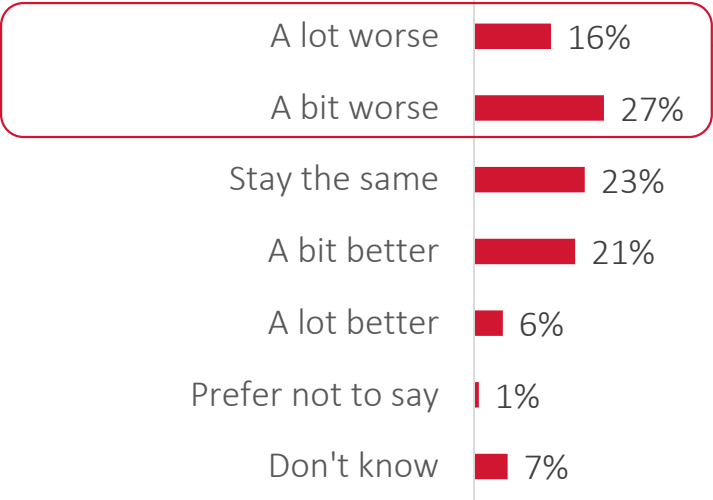
55% of households are currently finding it difficult to manage financially or are just getting by

Q10: Overall, how well would you say you are managing financially now?



43% of households are expecting their financial situation to get worse up to 2030

Q11: Thinking about your household's financial situation over the next few years up to 2030, do you expect it to get:

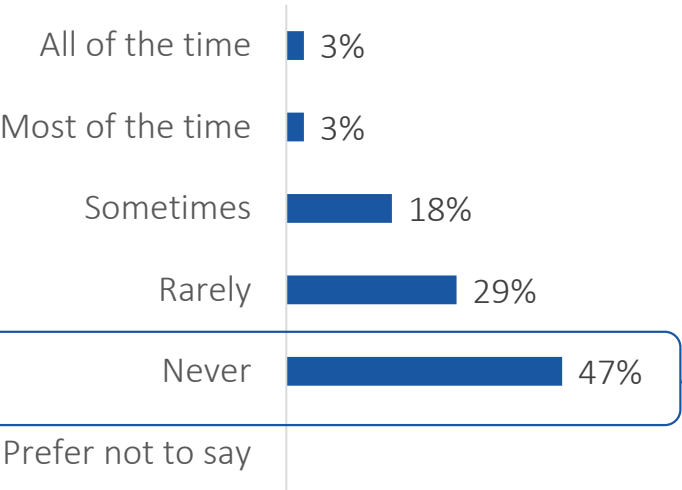


Base: All household participants (597)

Financial Temperature Check – (NHH)

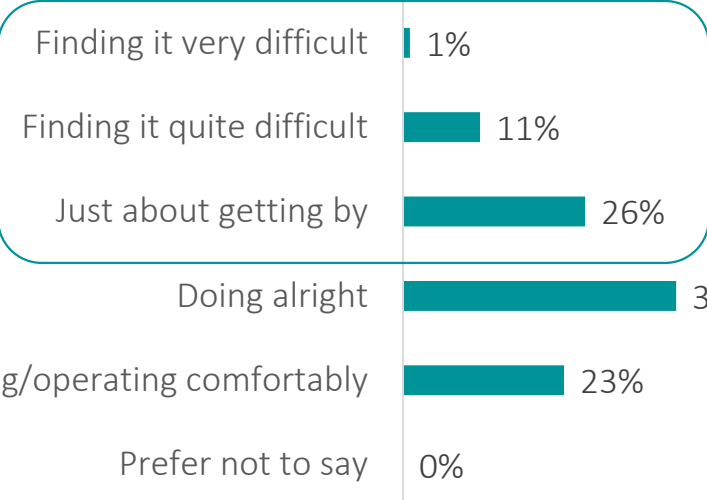
Fewer than half (47%) of businesses never struggled to pay their bills in the last 12 months

Q9: Thinking about your finances over the last year, how often, if at all, has your organization struggled to pay at least one of its bills?



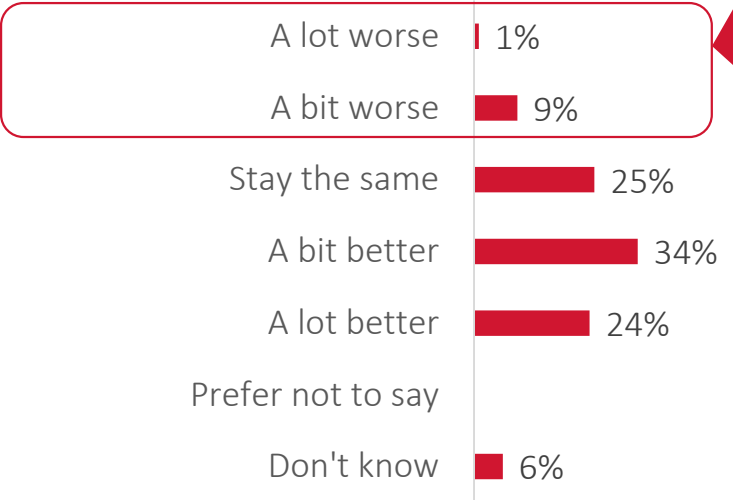
38% of businesses are currently finding it difficult to manage financially or are just getting by

Q10: Overall, how well would you say you are managing financially now?



10% of businesses are expecting their financial situation to worsen up to 2030, 58% expect it to improve

Q11: Thinking about your organization’s financial situation over the next few years up to 2030, do you expect it to get:



Base: All non-household participants (103)

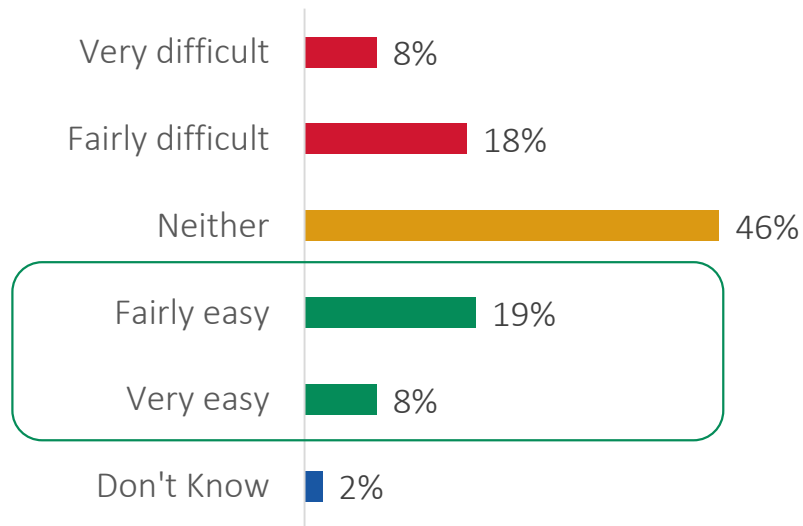
Affordability (HH)

- Currently, only 27% of households can afford their existing water and sewerage bills fairly or very easily.
- Only 9% of household customers thought that the proposed bill would be fairly or very easy to afford.

Of their current bill

27%

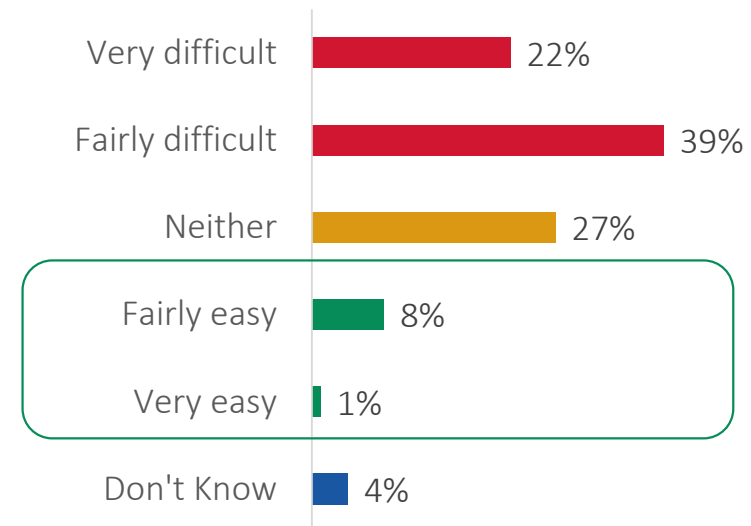
Q13: How easy or difficult is it for your household to afford to pay your current water and sewerage bill



Of the proposed bill

9%

Q14: How easy or difficult do you think it would be for you or household to afford these water/sewerage bills?



Q14 = Key Reportable question

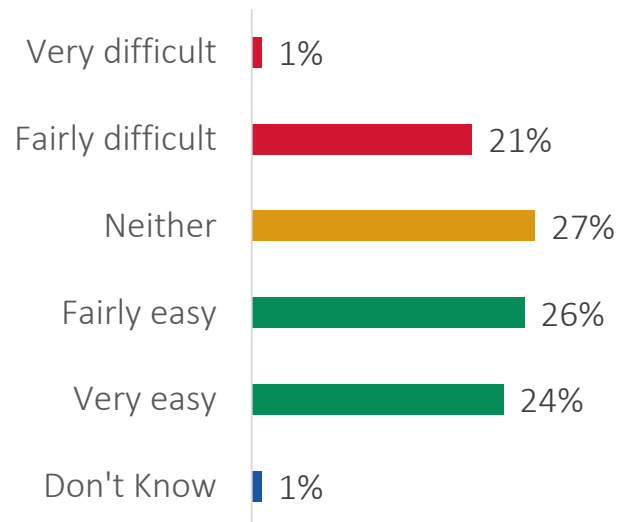
Affordability (NHH)

- 50% of businesses currently find their bill easy or very easy to afford.
- This reduced to 39% when looking at the proposed bills.

Of the current bill

50%

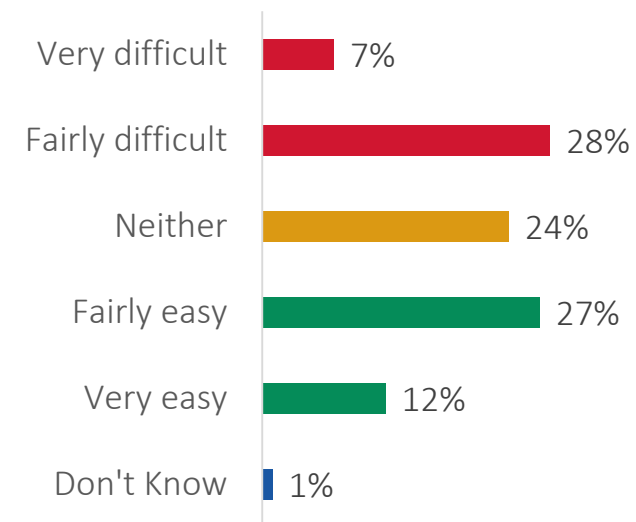
Q13: How easy or difficult is it for your household to afford to pay your current water and sewerage bill



Of the proposed bill

39%

Q14: How easy or difficult do you think it would be for you or household to afford these water/sewerage bills?



Q14 = Key Reportable question

Affordability – HH demographics

Metered Household participants seemed more resilient to bill increases – perhaps a sense of control still exists for these participants.

Headline/overall affordability was somewhat lower amongst households containing vulnerable participants, and far more stated increases would be “very difficult” to afford.

Metered

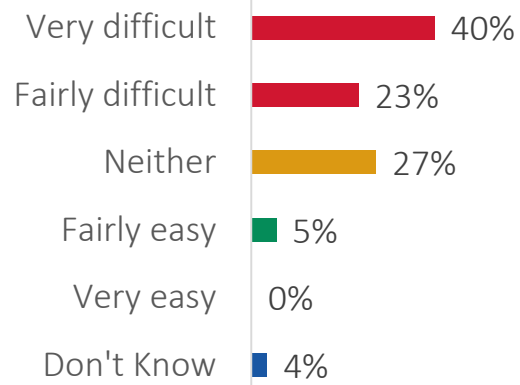
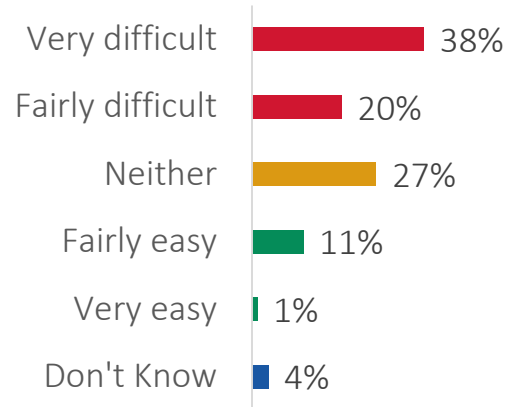
Un-Metered

12%

5%

Q14. How easy or difficult do you think it would be for you or your company/organisation to afford these water/sewerage bills?

Q14. How easy or difficult do you think it would be for you or your company/organisation to afford these water/sewerage bills?



Base: Household metered participants (294)

Base: Household unmetered participants (279)

Vulnerable

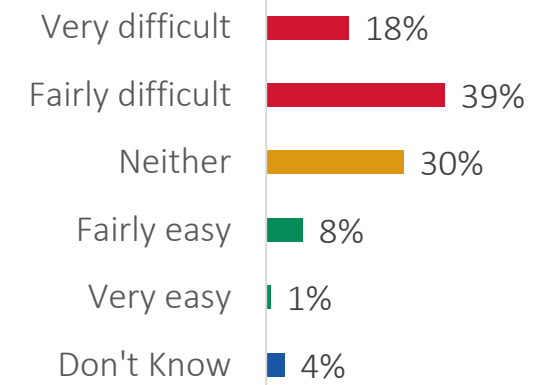
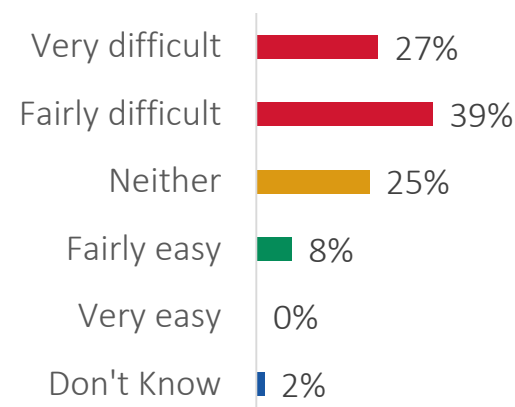
Non-Vulnerable

8%

9%

Q14. How easy or difficult do you think it would be for you or your company/organisation to afford these water/sewerage bills?

Q14. How easy or difficult do you think it would be for you or your company/organisation to afford these water/sewerage bills?



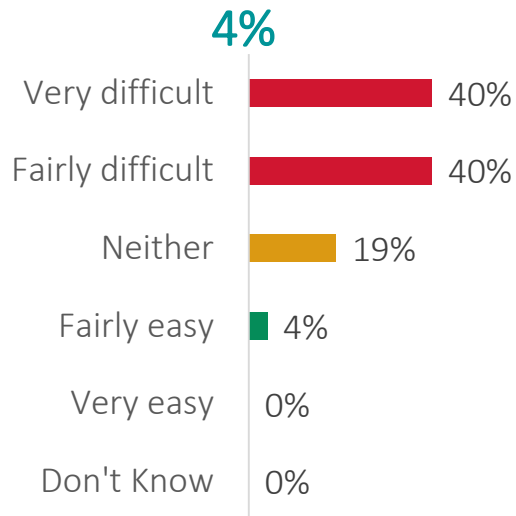
Base: Vulnerable household participants (244)

Base: Non-vulnerable household participants (305)

Affordability – HH demographics (cont.)

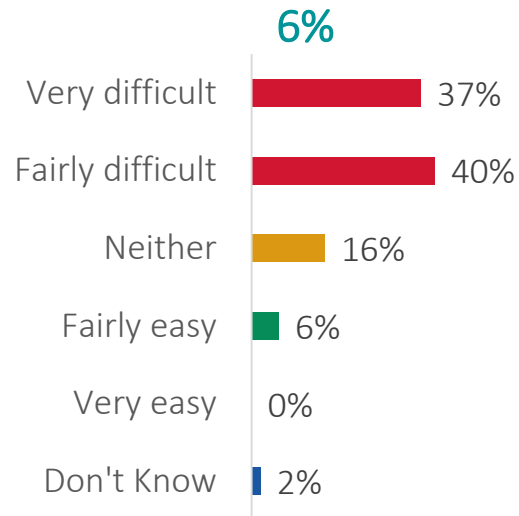
- As expected, the lowest income participants rated affordability lowest.
- Perhaps unexpectedly, whilst affordability did increase on the inclusion of the next income band, it lowered significantly on the inclusion of what might be described as the lowest middle-income band. This is likely to be related to income bands that can access social tariffs.
- The key metric that did decrease as higher income bands were included, was the percentage of participants saying the bills would be *very difficult* to afford.

Lowest Income - Up to £10,399 a year



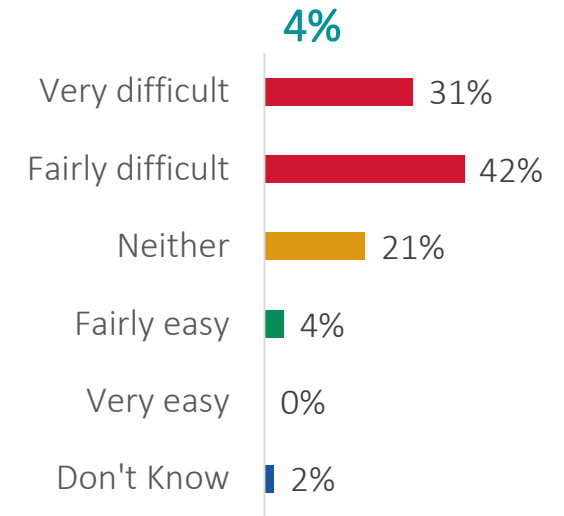
Base: Up to £199 a week/Up to £10,399 a year (48)

Lower Income - Up to £15,599 a year



Base: up to £299 a week/Up to £15,599 a year (111)

Low income - Up to £25,999 a year



From up to £499 a week/Up to £25,999 a year (223)

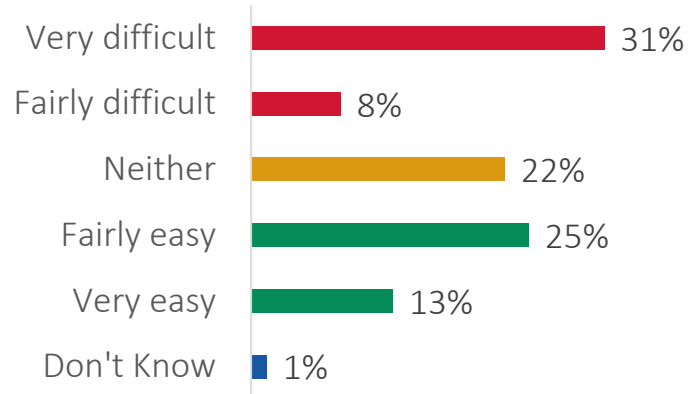
Affordability – NHH firmographics

Unlike HH participants, un-metered businesses seemed more resilient to bill increases

Metered

38%

Q14. How easy or difficult do you think it would be for you or your company/organisation to afford these water/sewerage bills?

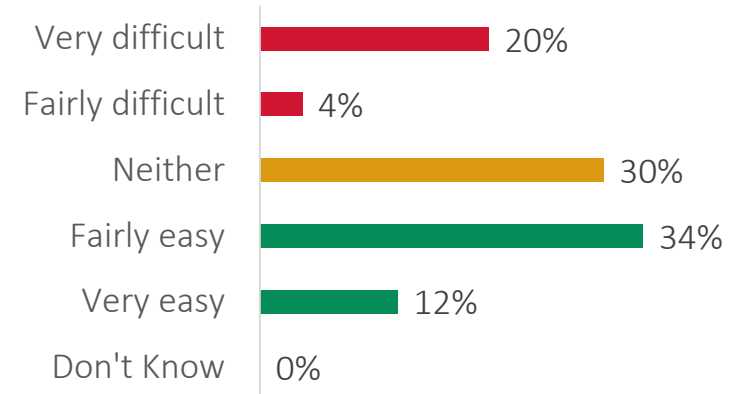


Base: Non-household metered participants* (74)

Un-Metered

46%

Q14. How easy or difficult do you think it would be for you or your company/organisation to afford these water/sewerage bills?

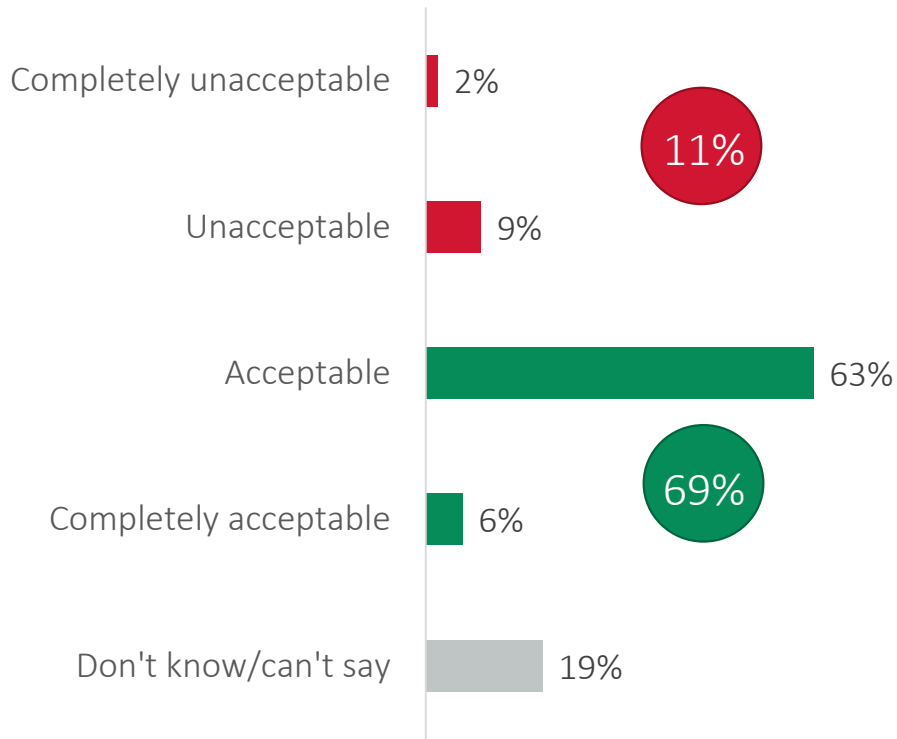


Base: Non-household unmetered participants* (28)

*91% of UU NHH customers do have a meter, but some are shared/common meters or may be read in different ways, potentially impacting whether customers categorise themselves as having a water meter or not

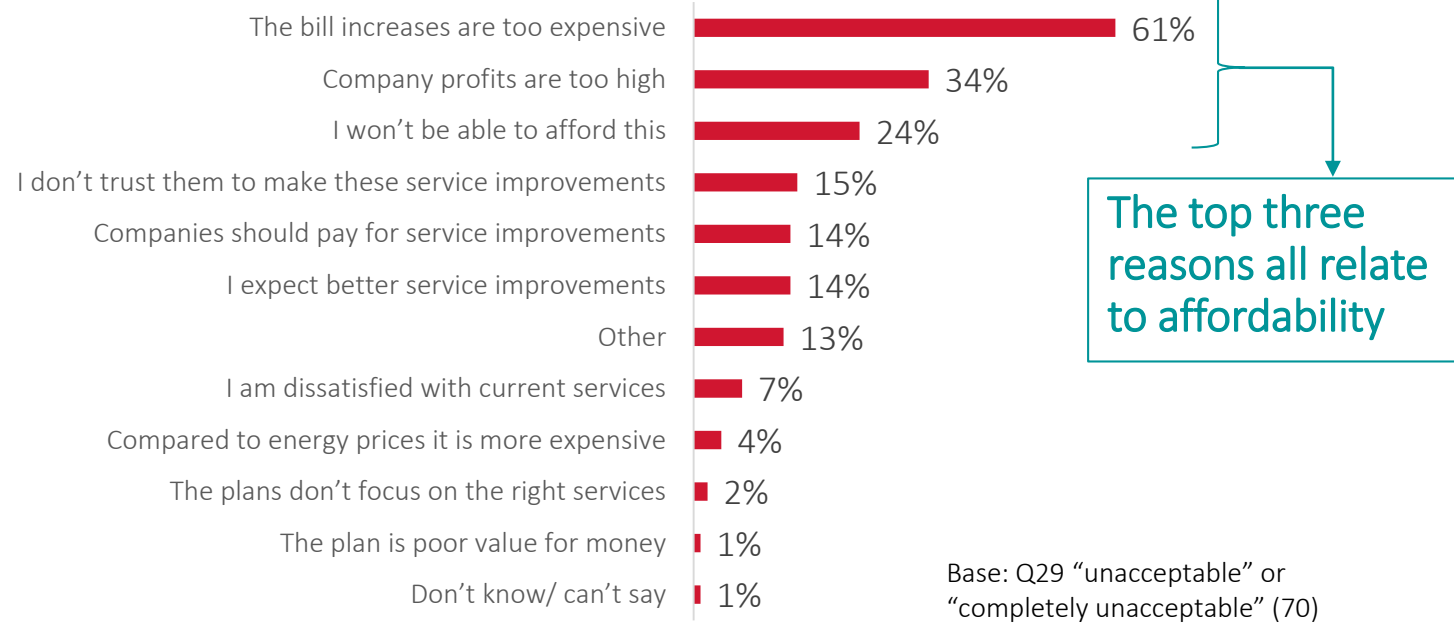
Acceptability (HH)

Q29: Based on everything you have seen and read about United Utilities' proposed business plan, how acceptable or unacceptable is it to you?



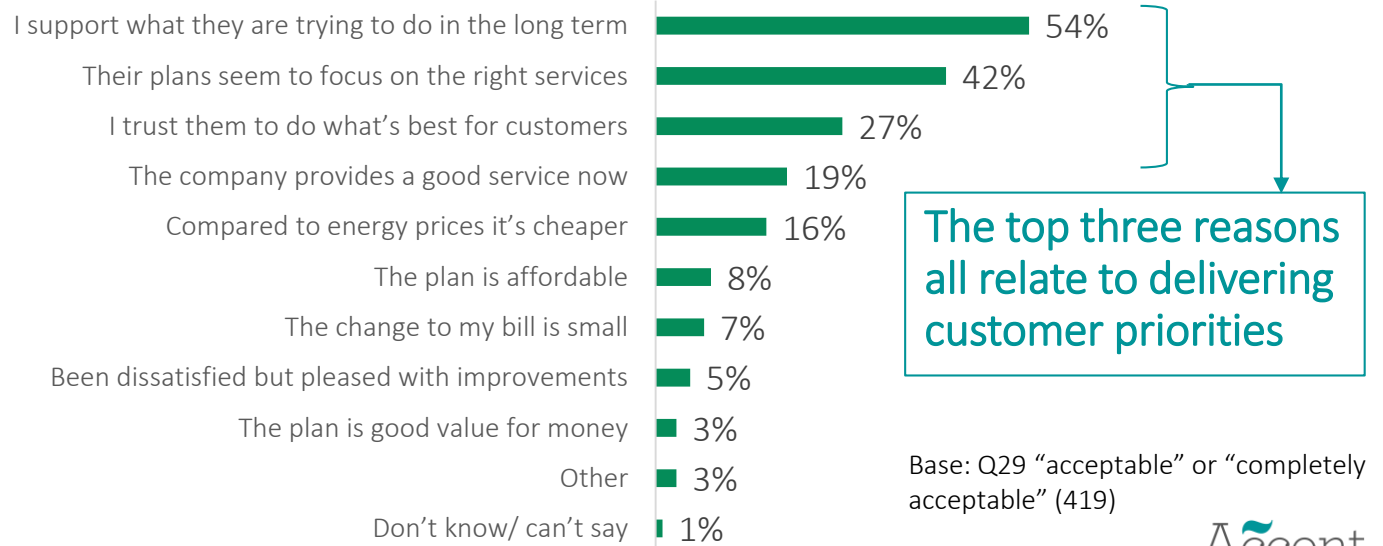
Base: All household participants (597)

Reasons for Unacceptability



Base: Q29 "unacceptable" or "completely unacceptable" (70)

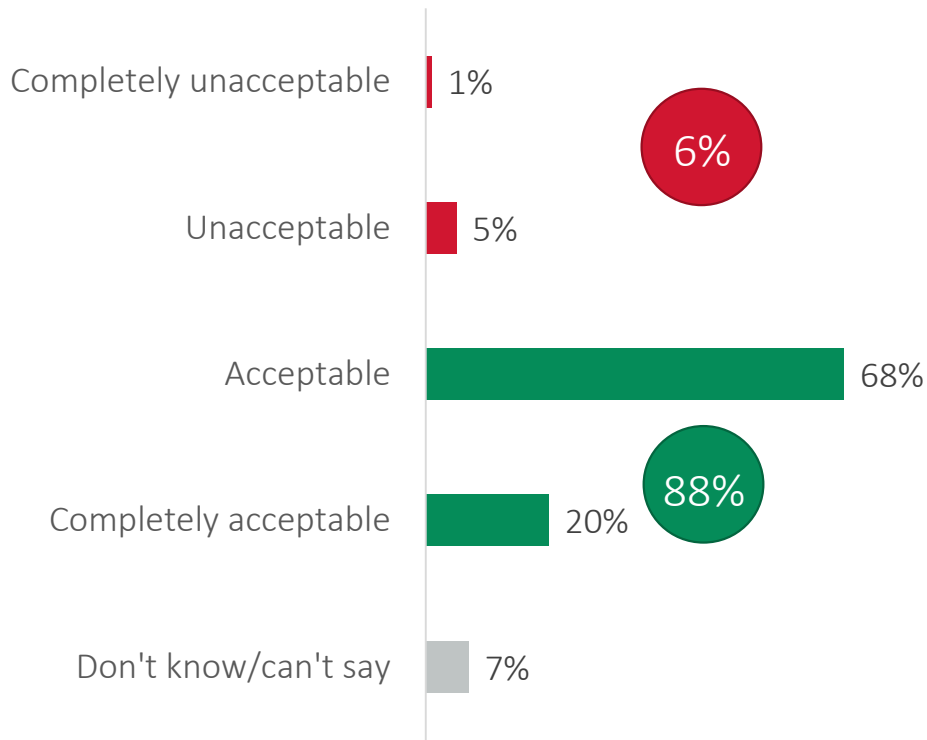
Reasons for Acceptability



Base: Q29 "acceptable" or "completely acceptable" (419)

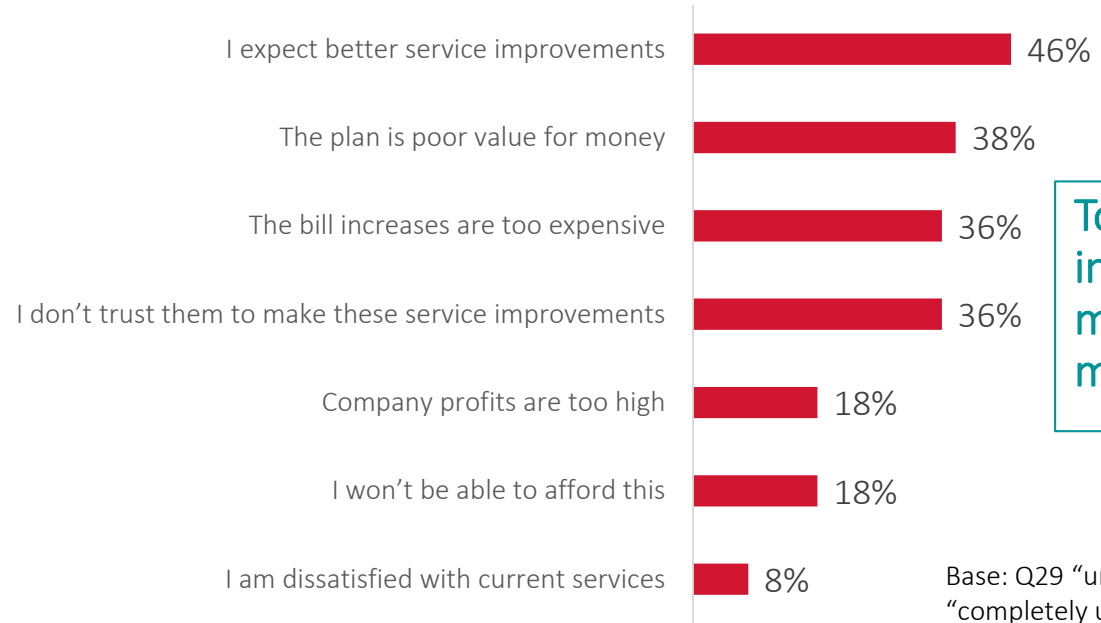
Acceptability (NHH)

Q29: Based on everything you have seen and read about United Utilities' proposed business plan, how acceptable or unacceptable is it to you?



Base: All non-household participants (103)

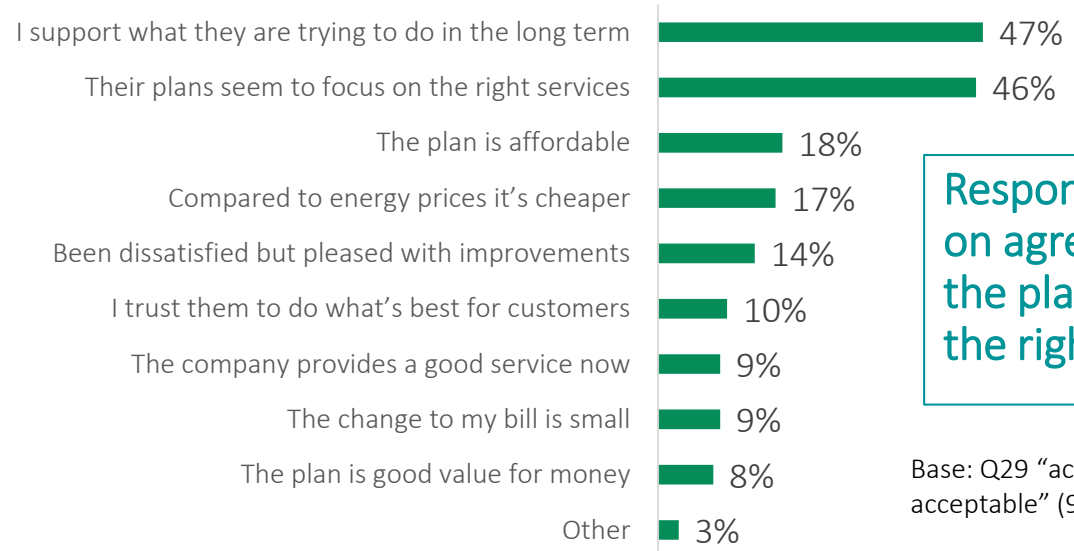
Reasons for Unacceptability



Top answers involve expecting more (for the money)

Base: Q29 "unacceptable" or "completely unacceptable" (6)

Reasons for Acceptability



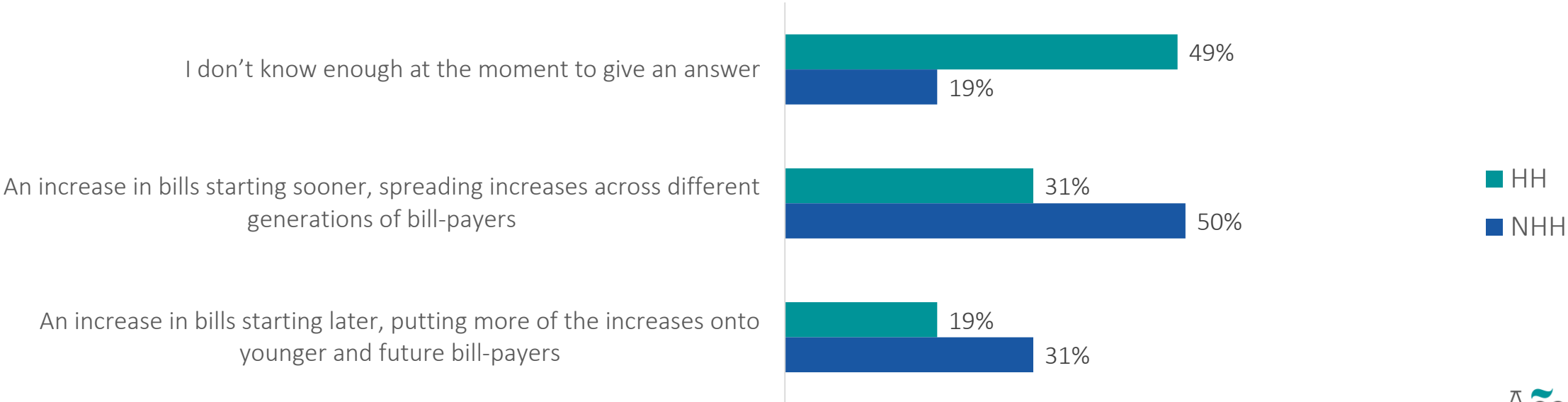
Responses focus on agreeing that the plan delivers the right things

Base: Q29 "acceptable" or "completely acceptable" (92)

Intergenerational Phasing

- **Householders seemed more reluctant than businesses for price increases to be put onto future customers.** Also, almost 50% of household customers were unable or unwilling to answer the question on phasing in a decisive way.
- For both businesses and household customers, the preferred phasing option amongst those able to choose was for an immediate increase in bills rather than a delay (mirroring the findings of the qualitative phase of this A&AT study, and UU’s Long Term Delivery Strategy research).

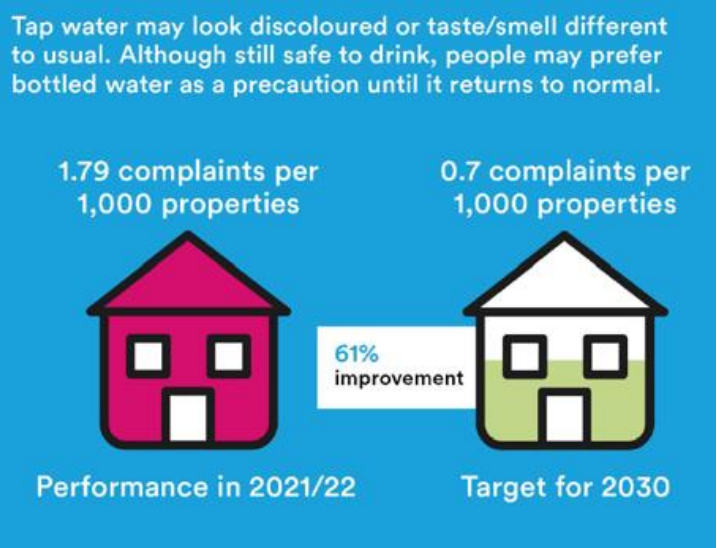
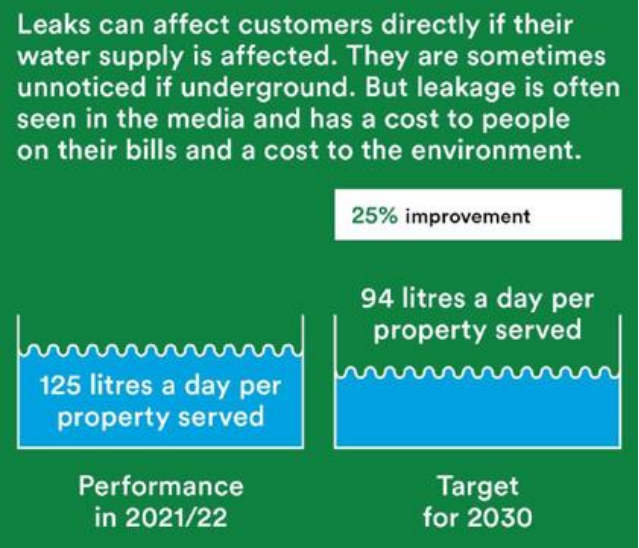
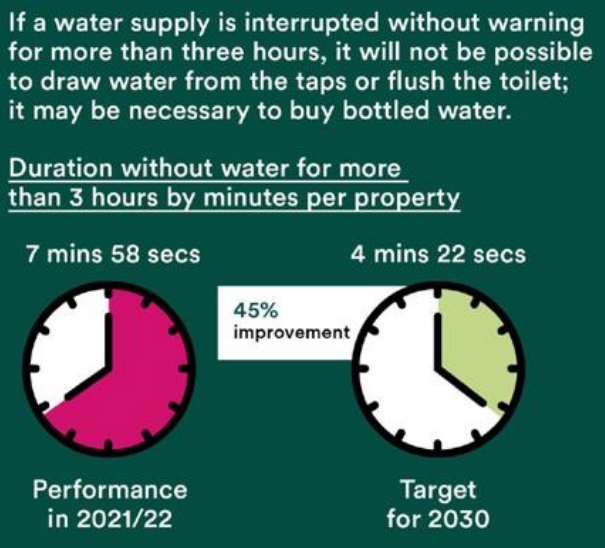
Q32. Long term investment by United Utilities will require an increase in customer bills. Bills could increase in different ways over time. Which one of the following options would you prefer?



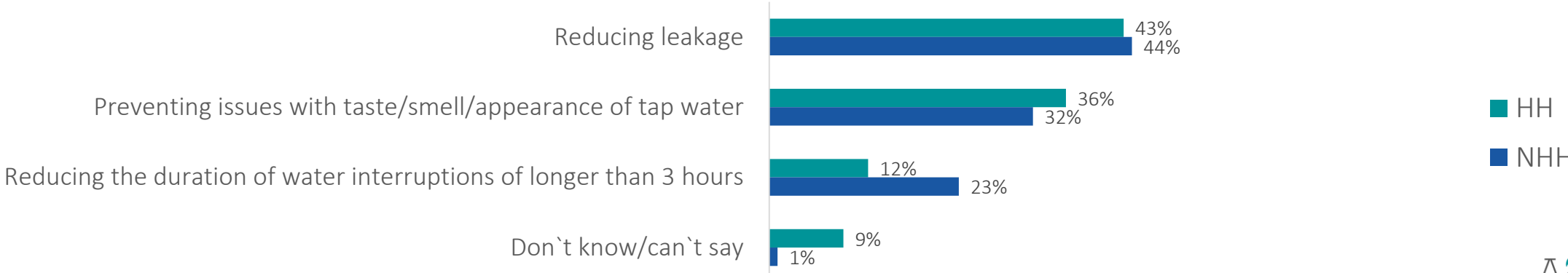
Base: All participants (700)

Performance Commitments (bank 1)

Q19. ...which of these three parts of the business plan is the most important to you?



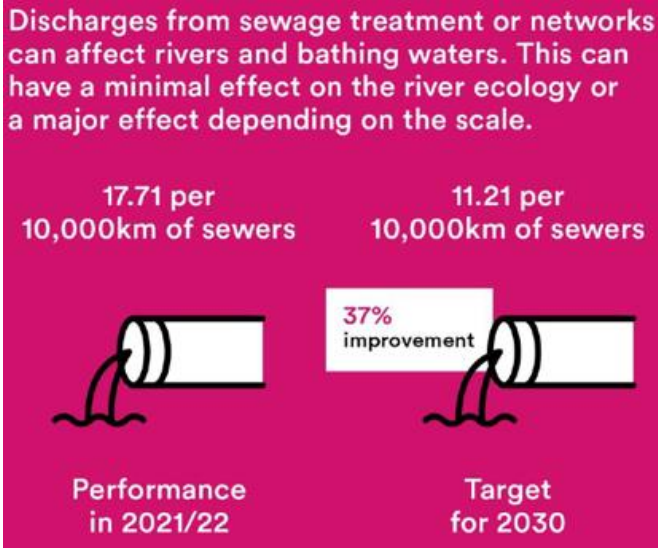
In this bank, supply interruptions were rated as much less important than leaks and taste/smell of tap water



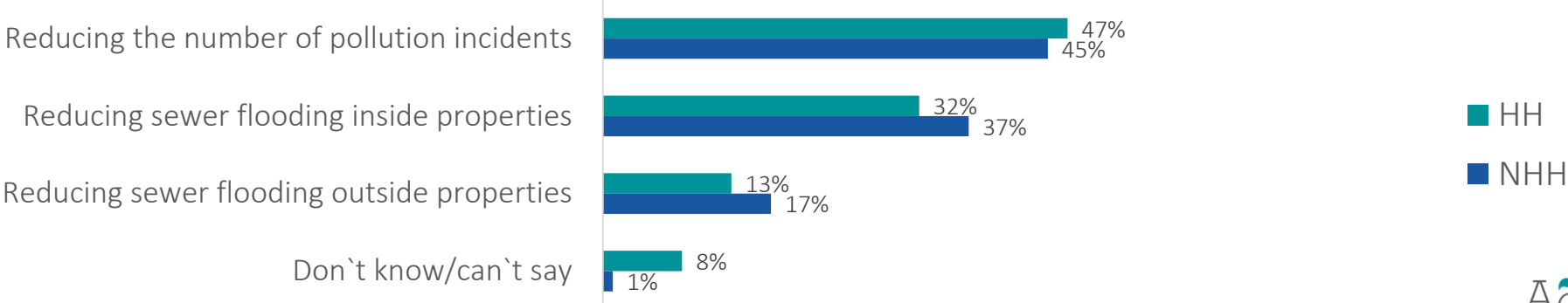
Base: All participants (700)

Performance Commitments (bank 2)

Q23. ...which of these three parts of the business plan is the most important to you?



External sewage flooding was rated as much less important than internal sewer flooding, particularly for households. Pollution Incidents were of the highest importance to householders (and joint highest for businesses).




Base: All participants (700)

Enhancements

Q28.which of these four parts of the business plan is the most important to you?

Smart metering

Smart meters are water meters that give both you and United Utilities a live and accurate read-out of a property's water usage. This means you can see how much water you've been using, which can help customers to reduce their usage and lower bills.



670,000
new smart meters
in homes and
businesses
Target for 2030

Hosepipe bans are introduced when United Utilities' water reserves in reservoirs start to run low.




**Halving
the
chance**
Target for 2030

**Carbon reduction to
improve the environment**


40%
reduction
Target for 2030

Affordability support

Under the proposed plan, United Utilities would assign £500m towards a fund for struggling bill payers.

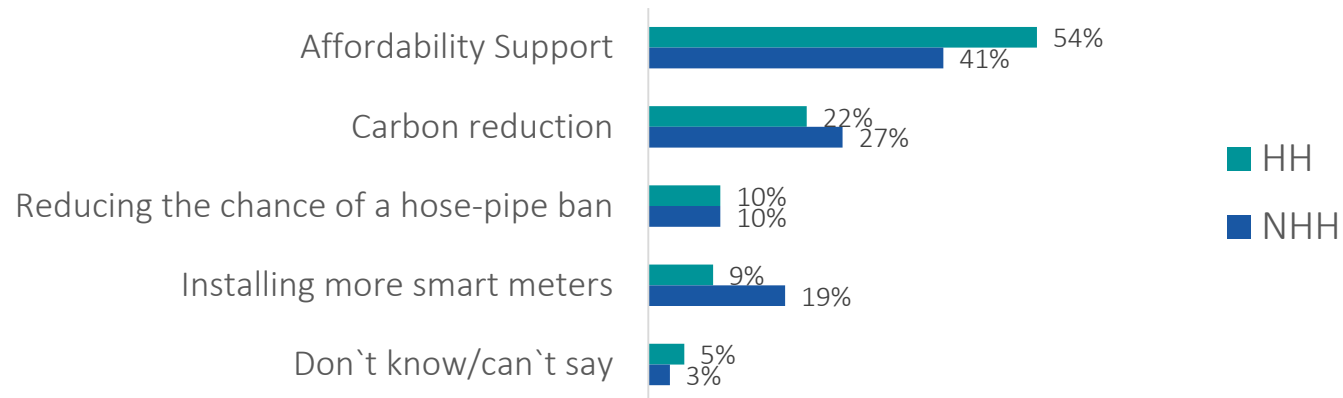


£250
million
Performance
in 2021/22



£500
million
Target
for 2030

Affordability Support was the key priority for customers of both types:



Base: All participants (700)

■ The majority (61%) of unmetered participants prioritised “Affordability Support”. This dropped to 44% of metered participants. Metered participants supported all of the other measures more heavily than unmetered participants did.

Thank you

Full details of research design and methodology are available upon request.

Accent conforms to the requirements of ISO 20252:2019



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Appendix A: Adherence to Ofwat's standards for high quality customer research

Requirement	How the study has adhered
Useful and contextualised	Research objectives aligned to PR24 and undertaken in accordance with Ofwat & CCW's published guidance.
Neutrally designed	Outside of the prescribed Ofwat 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.
Fit for purpose	Research undertaken in accordance with Ofwat & CCW's published guidance. Cognitive testing was carried out to ensure the complex subject matter was presented in the questionnaire in a way which was as understandable and engaging as possible for respondents. Visual stimulus was created in order to aid participant understanding of the proposed plan.
Inclusive	Household and business customers were represented. Lower IMD deciles were over-sampled and higher IMD deciles under-sampled, to compensate for lower response rates. The response rates were monitored across a range of demographics to ensure representation, although the prescribed methodology prevents any interventions in this regard.
Continual	Questions were included to compare results to other United Utilities quantitative research. The outcomes and learnings from this round of research will feed directly into the AAT2 phase.
Independently assured	All research was conducted by Accent, an independent market research agency. United Utilities collaborated with Your Voice, the Independent Challenge Group, who reviewed all research materials and provided a check and challenge approach on the method and findings.
Shared in full with others	The research will be published and shared on the United Utilities website and through our industry customer insight newsletter, The Source.
Ethical	Research conducted in accordance with the Market Research Society code of conduct and conforming to the requirements of ISO 20252:2019. Accent and United Utilities were subject to strict data protection protocols.

Appendix B: Additional Information

The following information on **Quantitative** work is available upon request:

- ~ The fieldwork method (e.g. in-person, telephone or online, individual or group interviews, synchronous or asynchronous),
- ~ The target group and sample selection methods,
- ~ Assessment of sample representation of target population and respective implications,
- ~ The sampling method, including size of planned and achieved sample, reasons for differences in planned and achieved and how any problems in this respect were dealt with,
- ~ Response rate where probability samples were used and its definition and calculation method,
- ~ Participation rate where non-probability samples were used,
- ~ The number of interviewers or moderators, if applicable,
- ~ The fieldworker/moderator validation methods, if applicable,
- ~ The questionnaires, any visual exhibits or show cards, and other relevant data collection documents,
- ~ The weighting procedures, if applicable,
- ~ Any methods statistical analysis used,
- ~ The estimating and imputation procedures, if applicable,
- ~ The results that are based on subgroups and the number of cases used in subgroup analysis,
- ~ Variance and estimates of non-sampling errors or indicators thereof (when probability samples are used).



Appendix C: Limitations

Limitation	Impact
AAT1 HH recruitment was via email only	Customers who do not use email either completely or for billing purposes (such as people who do not use the internet or some older or more vulnerable people) will not be present in this sample.
Recruiting NHH participants via CATI proved challenging	A low percentage of the NHH sample consists of CATI participants.
Small NHH participants are unlikely to be in scope (either by not having a dedicated business water supply, or by being in serviced offices with inclusive water)	The NHH sample is skewed towards larger organisations.
The data has been weighted using a method comparable to the recent ODI work which used nationwide census data.	The sample is therefore not weighted specifically to the UU regional customer base.



Appendix D

Affordability *after* seeing the business plan, and additional diagnostic questions



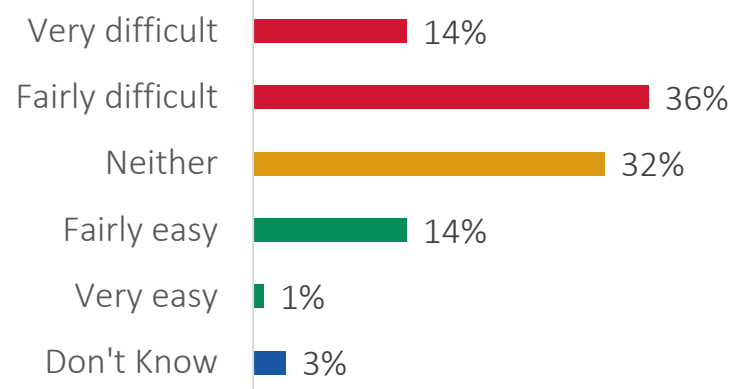
Affordability (HH) – *after* seeing plan

- Affordability (although an absolute concept) did improve when people knew where the money was going, increasing from 9% to 15%.
- Of those who rejected the affordability of the proposed plan (by not saying it was either easy or very easy to afford), 10% said that a bill with half the proposed increase *would* be affordable. This shows that a substantially smaller bill increase is still largely unaffordable.
- These questions were added as diagnostic tests of affordability by UU, and do not form part of the data that will be delivered to Ofwat.

Of the Proposed bill (*after* seeing plan)...

15%

Q35. Knowing what you know now about how that money is intended to be used, how easy or difficult do you think it would be for you or household to afford these water/sewerage bills?

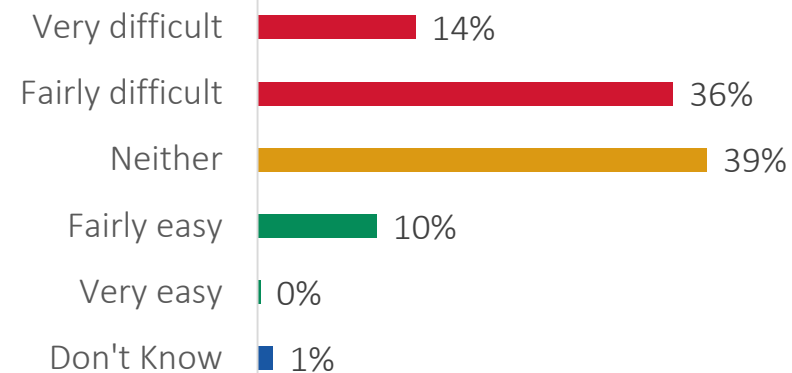


Base: Q14 is not "Don't know" (575)

Of the half-increased bill

10%

Q36. How easy or difficult do you think it would be for you or household to afford *these* water/sewerage bills?



Base: Q35 is "Very difficult", "Fairly difficult", or "Neither" (477)

Affordability (NHH) – *after seeing plan*

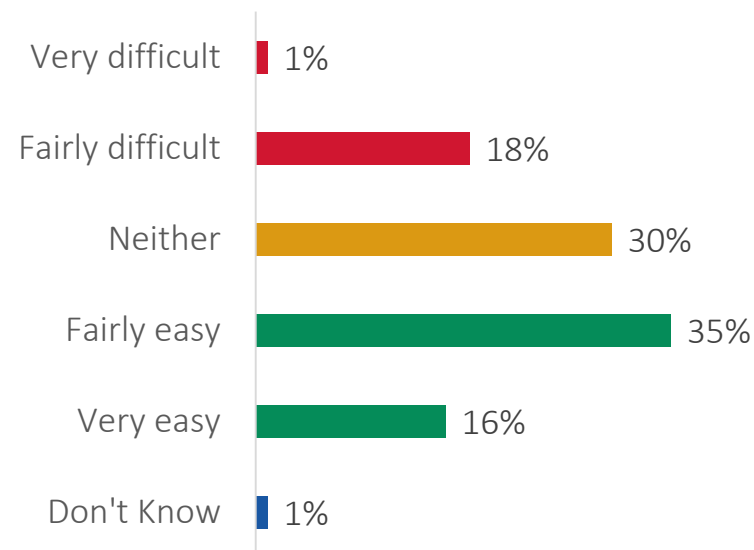
- Affordability (although an absolute concept) did improve when people knew where the money was going, increasing from 39% to 51%.

Of the Proposed bill (*after seeing plan*)...

51%

Q35 = UU
Diagnostic
question

Q35. Knowing what you know now about how that money is intended to be used, how easy or difficult do you think it would be for you or household to afford these water/sewerage bills?

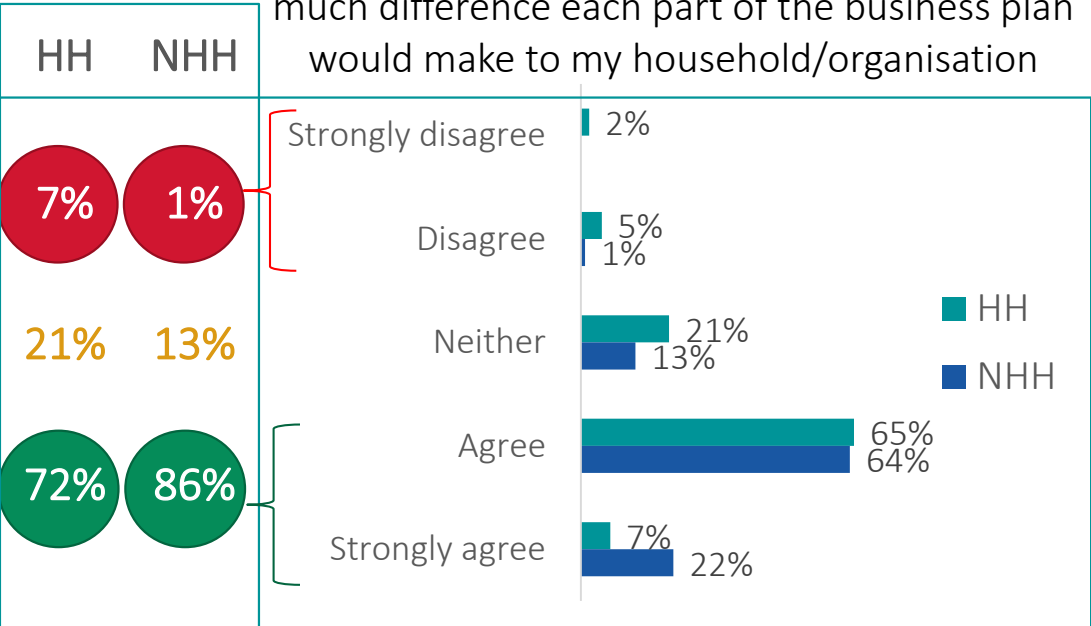


Diagnostics

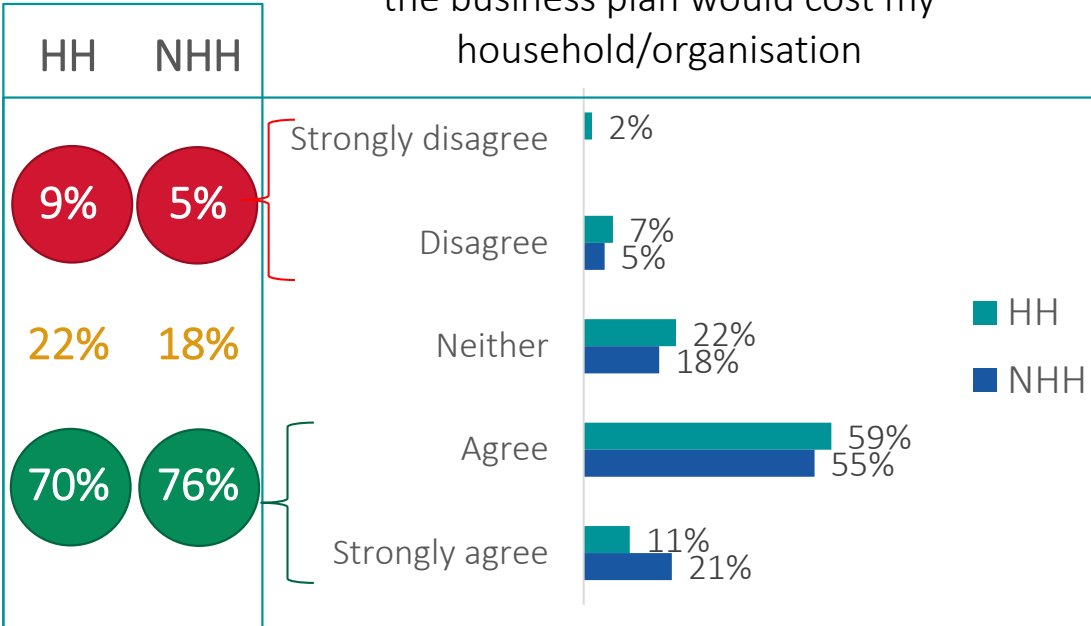
It's unclear whether the strong appetite for "affordability support for vulnerable customers" is being driven by individuals requiring that support themselves, or by individuals recognising the fact that other people do require support, and agree with the initiative more generally.

What is clear, is that participants did respond to the questions on affordability with their own personal household/business circumstances in mind

Q33r2. My responses were based on how much difference each part of the business plan would make to my household/organisation



Q33r3. My responses were based on how much the business plan would cost my household/organisation



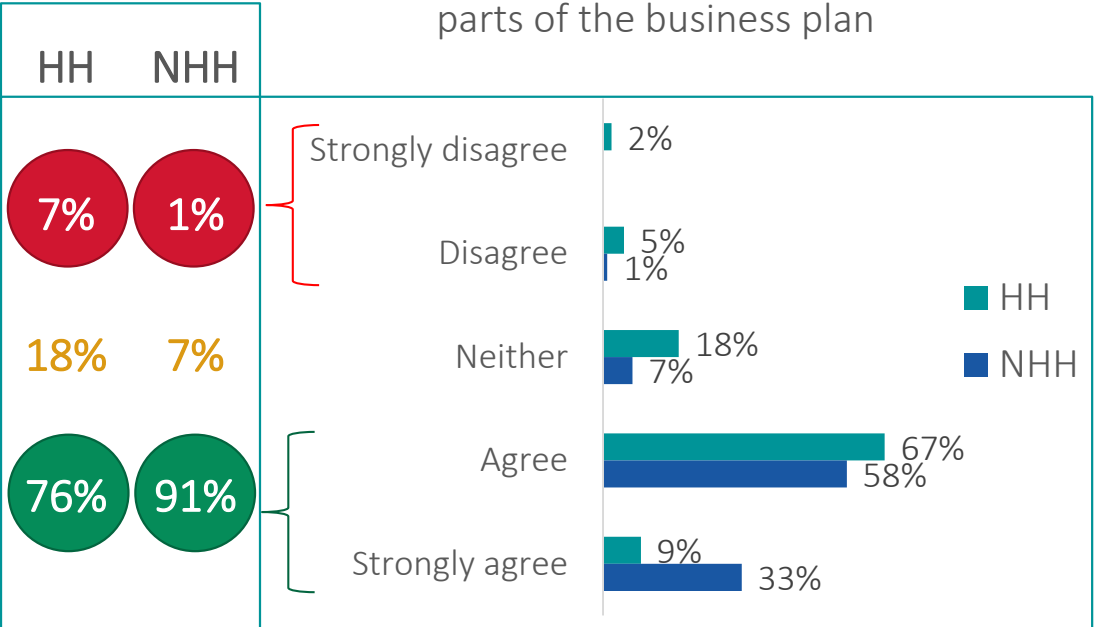
Base: All participants (700)

Diagnostics (cont.)

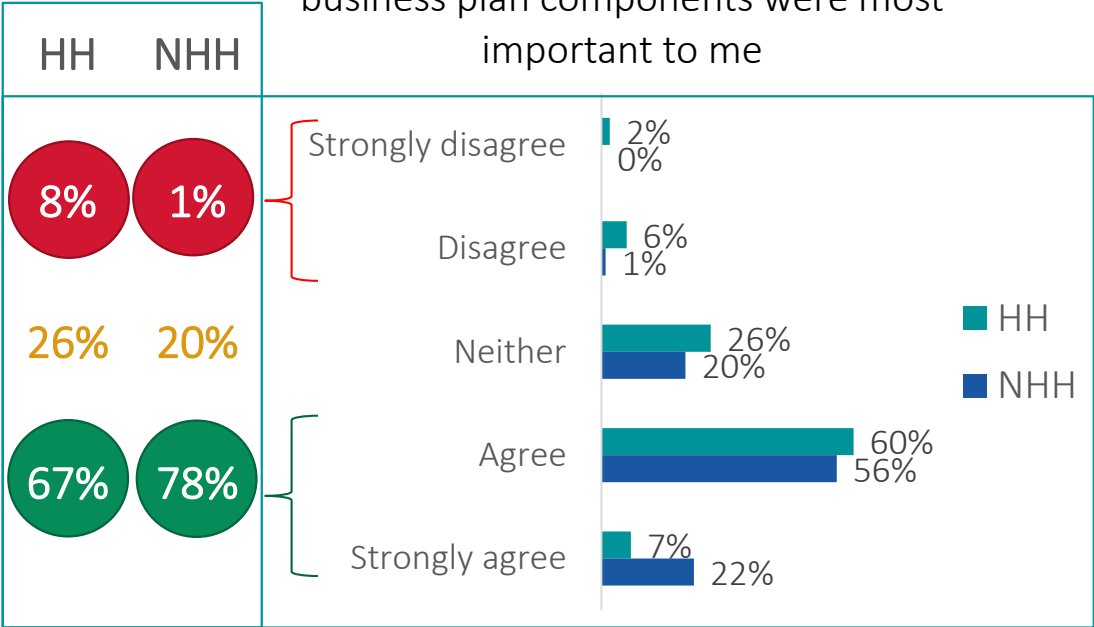
Did people understand what they were being shown, and asked to consider?

- In the main, yes; understanding was high – especially for businesses (at 91%) but also for households (over 75%).
- Most customers also found it easy to choose what was important to them (although it’s worth noting that even for the minority that disagreed, finding a choice difficult does not necessarily mean a lack of understanding of the options).

Q33r1. I was able to understand the various parts of the business plan



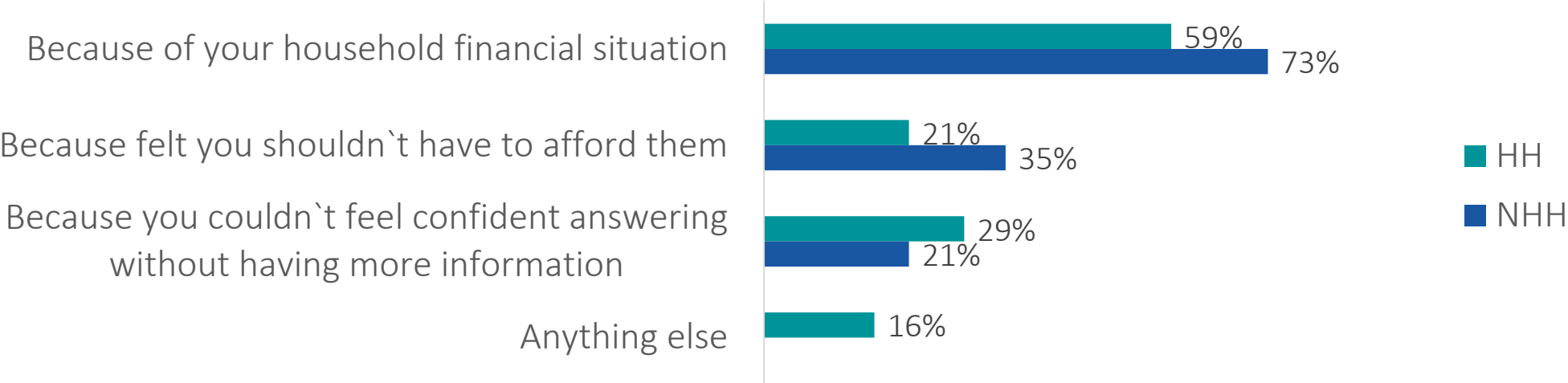
Q33r4. I found it easy to choose which of the business plan components were most important to me



Base: All participants (700)

Diagnostics (cont.)

A very small number of participants (3.6% of HHs, 7.4% of NHH) who appeared financially comfortable (rarely/never struggled to pay bills, and consider themselves to be living comfortably/doing alright), also said it would be either fairly or very difficult to afford the price increases shown. Why?



It does *appear* that it was not a protest vote against rises in principle— a small number (just 7 of an overall sample size of 700) objected because they didn't think they should be affording the rise. More wanted more information before committing. But the largest number did cite their own financial circumstances as being the reason (implying that the rises presented would be sufficient to change their answers in the “financial temperature check” bank of questions).

Nb. the base at this question is sufficiently low to cast doubt over the statistical reliability of the data at this particular question.

Base: (Q9 = 4 or 5) AND (Q10 = 1 or 2) AND (Q14= 4 or 5) (29)