

A fresh water future?

Emma Clancy – The consumers' views



Emma Clancy is chief executive of the Consumer Council for Water (CCW). She sat down with Alastair Chisholm to share insights into water consumers – how far users trust water companies, their money worries and whether the industry needs more transparency.

A recent Ofwat-commissioned public survey showed the public believes water companies are driven by shareholder interests before customer, community and environmental interests. That's not a good look, is it? Does it align with what you hear from customers?

The picture CCW sees is slightly different in that the level of public engagement with water companies and water generally is low. That's not because they don't care, it's just that they have busy lives; working, paying the bills and so on. Water doesn't cut through that.

People don't know what water companies and other water managers do, what there is to do, and where we need to get to. The sector hasn't been good at putting messages forward consistently on water management.

The investment in messaging and education is really small. Water UK's awareness programme was £2 million over two years. Compared to what gets spent on other things that's a drop in the ocean but it's crucial that people understand the pressures on water. So trust is low, but the overall awareness of issues is low too.

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What about the issues that are prominent in the press? They must be cutting through.

Performance is a crucial issue here. People want high rewards to be earned through good performance. The issue comes when pay is high and the performance isn't there. That's the perception at the moment.

Companies are losing the battle for communication and education. Trust is vital because we need to influence behaviour change. Take leakage and water saving; communication around visible leaks and how companies communicate with local communities will directly affect the success of messaging on water efficiency.

Likewise when people see sewage pollution it's very in-your-face. Perceptions of trust are informed by lived experience far more than what is said generically. Of customers with negative perceptions about water companies, about 70 per cent mention pollution.

But when we look at people's priorities, they talk about clean drinking water out of their tap and sewer flooding. Then the environment stuff pops up, then concern regarding bills. Recent research shows between a third and a half of people are worried about their bills.



Recreational water use has driven concern over water company performance. But not all customers want bathing water quality rivers.

What's gone wrong then and what are the root causes of how has the water industry ended up in this position?

It is a range of things and the responsibility therefore lies in a number of different places. Profits have historically been too high and Ofwat has started to address that.

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People's expectations have changed too in terms of what they want water companies to deliver on. You need to scrutinise some of the factors quite closely: ownership models don't immediately correlate to performance.

Wales, which has a not-for-profit model, has high leakage and issues with storm overflows. Scotland, publicly owned, has low meter penetration.

You've recently commissioned a study into what people want from a monopoly water provider. Is that something customers might want to see change in future?

There would be a lot of challenges involved with moving to any kind of different model. If companies were perceived as performing well, then the demand for a change would be lower. The work is part of a discussion about what customers want from water utilities in the future. We probably need to have some kind of national conversation about this issue.

You said recently that you put a lot of value on corporate culture and communications. How healthy are those at the moment?

There are some companies with strong cultures but we're not clear if those align with what customers actually want to see. Companies aren't required to report on matters associated with company culture and yet it drives almost every aspect of their performance.

CCW has called for reporting on employee engagement as one indicator of the health of company culture. The Financial Conduct Authority is pushing this in the finance sector and Ofwat was interested in the concept but it hasn't happened yet.

Is there any customer perception of the pressure that some water sector employees are up against at the moment, some of the abuse because of things like pollution?

Half of CCW colleagues provide direct support to consumers. CCW is the last stage of the customer-complaints procedure. Absolutely CCW employees see this and experience it directly. It comes back to communications about the pressures and about levels of performance.

If customers think the performance isn't there, they can get very upset when things go wrong.

There's growing focus on drought prospects again. After last summer's drought, are customers getting more aware of using less water?

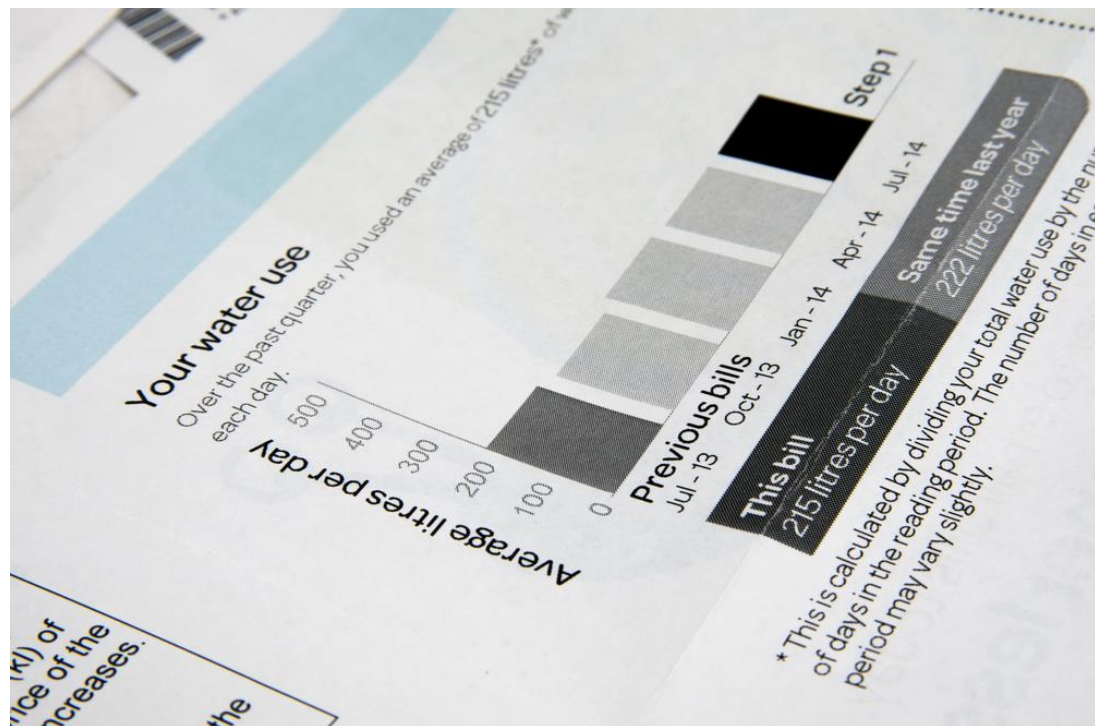
The lack of conversation about water supply and having enough water in the future is frightening. Water-resources management plans (WRMPs) are pretty terrifying in terms of how much is being pinned on demand management.

There is still an ingrained perception that the UK is wet. Forty million people live in a water-stressed area; 41 percent of them feel that water is plentiful. And 30 to 40 percent of WRMPs rely heavily on demand management. We're pinning an awful lot on demand reduction without clear plans for delivery.

You've said that increasing bills by £100 will tip 1.2 million more people into poverty. In that context can we afford a massive sewer rebuild alongside new reservoirs and the like?

Undoubtedly, it's going to hit customers. Potentially hard. When you speak to customers, they want a socially just transition to a cleaner environment.

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Affordability is an issue when delivering a big improvement programme: Between a third and half of people are worried about their bills.

Given the investment-bill size, it needs to be supported through a social policy so the burden doesn't fall unfairly.

The old industrial parts of the country have some of the largest investment programmes, highest bills and high social-deprivation levels.

We proposed a single social tariff to spread that burden nationally because there's a postcode lottery over bill impact and the level of support available company-to-company. It can go from 90 per cent off a vulnerable customer's bill to nothing, on opposite sides of a street that fall in different company areas.

Defra has confirmed there isn't time to bring forward legislation before the next price review. However companies have agreed to look at what can be done as a sector, without legislation. It's a good example of the industry coming together to try to resolve social issues.

We do need more reality on what's affordable. Only 10 per cent of people want all rivers to be of bathing-water quality but they do want to see rivers improved for wildlife. What they also want is transparency on where their money is going.

That doesn't feel like it should be impossible. It shouldn't even be difficult.