Portsmouth Water Future Customers – Plan Choices

University Students

April 2023

Contents

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Background and approach

- All water companies make plans for the investments needed to ensure customers have secure, reliable and high-quality water services – both today and in the future.
- Research was undertaken to explore students' opinions around key water issues, and their views on Portsmouth Water's plans for the future.
- Research was complementary to previous sixth former future customer board groups.
- Key objectives were as follows:

Deliver student perspectives of plan areas specifically relevant to next generation customers and how their **needs and expectations** are likely to change in the short term.

Demonstrate whether (and how) **students think or feel differently** to other customer profiles in relation to key issues and their preferences for engagement.

Evaluate **long term options and scenarios -** particularly around future bill options and the challenges facing water companies.

Understand student attitudes towards **intergenerational fairness**, due to the longevity of proposals and the necessity to consider the views of customers young and old.

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- 4 x 90 minute face to face discussion groups of 6-8 Portsmouth University students held on 14th March 2023
- 29 participants in total, representing a wide cross section of students:

Participants ranged in age from 18-25

Mixture of participants living in student halls, student housing, with their families or owning outright

Wide cross section of students across year of study and faculty

Some were international students, offering unique perspectives

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Key attitudes of university students

Portsmouth Water

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Students recognise that they are receiving a raw deal compared with older generations, but are resigned to this fact and appear comfortable living in the here and now rather than focussing on possibly turbulent times ahead.

Money

- Most feeling the pinch of cost-of-living increases.
- Exacerbated by maintenance loan freeze and poorly phased payments weighted towards end of year.
- Most have cut down on excess spending and minimised luxuries.
- Some receive parental support, others work – although hard to balance part time work with studies.
- One person dropped from full time study to part time in order to work more hours to support himself.
- Opinions varied on longevity of crisis, from a few years to 10+ - by which point it would be eclipsed by a different issue.

Jobs

- Most not worried they won't find a job, although recognised that arts students might find it harder.
- Widespread concerns they wouldn't be paid enough if they do find a job because wage rises aren't keeping up with inflation.
- This is of particular concern for those on minimum wage, as some expect to be at first.
- Believe job situation is significantly more precarious than it was for previous generations – with recent economic turmoil and the Covid-19 pandemic affecting job availability and remuneration.

Housing

- Most believe they will own a house in the future – although this is likely to be more than 10 years time.
- Most assume they will share a rental property with friends for a long time – undesirable due to previous poor experiences with bad landlords, sudden terminations and high rent.
- Clear from responses that most considered it early to be thinking about ownership – but recognised that this wouldn't have been the case for their parents' generation.

"It's making things tough, we're seeing weekly bills go up by £20 a week, [also] food, electricity bills are looking quite horrible."

"Its probably going to take at least a decade for things to start to get anywhere near normal, the way the world is going there'll probably be something else happening."

"I don't think it's a worry because its just impossible, so I don't stress about it. Maybe in the next couple of years, but not right now."

Whilst most students are concerned about environmental issues and try to limit their personal impact, their overriding opinion is that it is the duty of governments and large businesses, not individuals, to lead efforts tackling climate change.

- Students are generally engaged with environmental issues, with the vast majority rating themselves between 7 and 10 on a scale measuring environmental consciousness.

- Students perceive that they are more engaged with environmental matters than older generations, with the sense that they have to clear up a mess which will certainly impact their own futures, if not those of the people who caused it.

- Many moderate their behaviour in order to limit their impact on the environment, although the rising cost of living means they sometimes need to prioritise cost over sustainability in some areas. Others are more detached, finding the topic too depressing to think about.

- There is a strong sense that large businesses are predominantly to blame for emissions and that the onus is on government and industry to solve the issues, rather than individuals. Some feel helpless to effect change because anything they do personally is a drop in the ocean.

- Most believe that businesses should be taking drastic measures to cancel out their emissions, and become carbon neutral but that the government isn't doing enough to drive this forward.

'Engaged' students	'Disengaged' students
• Actions include: reducing meat, recycling, public transport, activism with local environmental charities • Behaviours sometimes limited by money • Sense of helplessness as so much harm driven by businesses	• Will recycle if possible but not bothered if can't • Perceive they can't afford to do right thing environmentally • Have to detach because depressing • Can't solve it alone so won't stress about it

"I think about the environment constantly, but its gotten to the point where I don't know what I can do, because there's no way that I can make a difference when the main contributors to all of the issues are these massive corporations."

"I do what I can, but I can't really afford to buy things that aren't wrapped in plastic, or get a bunch of paper straws to use, it's just a bit of a money thing, as it's more expensive to do these things."

"You just feel betrayed a bit by those who are in charge, when you see that there's no initiative at the top, you kind of feel like letting your guard down a bit, that big changes aren't going to come from me."

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Awareness of the challenges faced by water companies

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Portsmouth Water

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- Vast majority knew very little or nothing about Portsmouth Water.

- Awareness was limited to seeing vans on the road and some advertising around Portsmouth, but very few were aware of any of any specific activities other than water provision.

- Many spoke about reports they had seen about sewage being dumped into rivers, questioning whether Portsmouth Water was responsible. A few were aware that Portsmouth Water is a water only company, but most were not.

- There was some understanding that Portsmouth Water is a private company and therefore turns a profit, with the suggestion that they aren't obliged to be entirely transparent and that customers cannot be sure to what degree procedures are being followed.

Activities that participants were aware of:

- Havant Thicket reservoir (few)
- Social tariffs (one)
- Prevalence of Kidney stones on Portsea Island, due to minerals (one)

"Isn't Portsmouth really bad for that, just dumping sewage in with other water?"

The Water Cycle
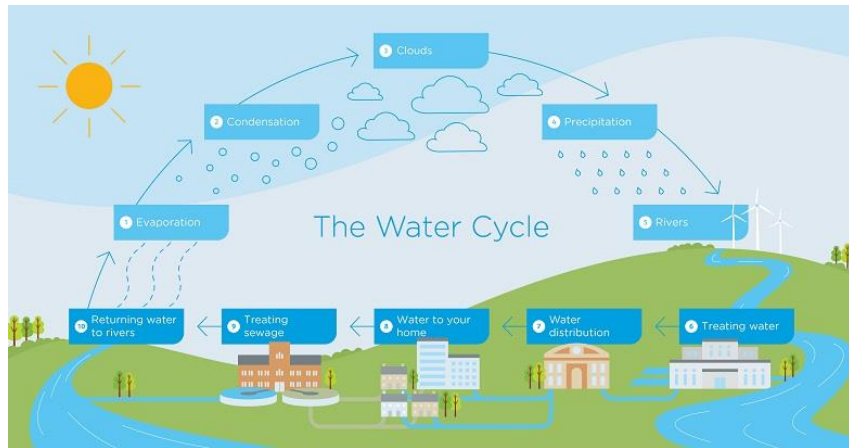
Challenges named (unprompted):

- Floods
- Droughts
- Cost of living
- Population growth
- Pressures on sewerage systems

- Groups generally demonstrated very good awareness of the challenges faced by water companies.

- Many had an excellent understanding of climate change and the pressure this will place on the provision of fresh water.

- The implications of some challenges were less well understood, particularly rising sea levels, aging infrastructure and intensive agriculture.

CHALLENGES FACED BY WATER COMPANIES
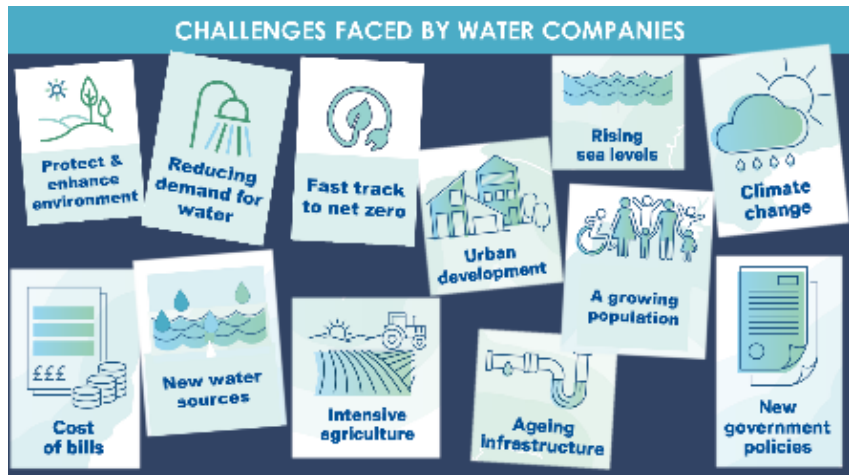
Most important challenges to overcome:

- Climate change
- Aging infrastructure

Also New Water Sources, Cost of living and Growing population

- Climate change was seen as the most important challenge to overcome, with the belief that its effects will affect their generation in the long term.

- Other challenges tended to be considered through this lens, with some suggesting that a 'fast track to net zero' framework would see improvements across the board e.g., if you prioritise net zero, you reduce leaks, which helps the environment.

- Renewing aging infrastructure also seen as a key initiative to ease the impacts of climate change and other challenges.

For us, its very much this is our future, this is happening now, we've got to do something."

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Attitudes towards leakage, metering and investment

Photo by Bea Fladstad on Unsplash

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Students were comfortable with the high investment option, but felt they lacked sufficient context to give an informed opinion. They suggested a shorter timescale may help ensure Portsmouth Water delivers on its promises.

Low investment: Meeting our commitments

Reduce leakage by **50% by 2050**.

PROS: this is the cheapest option and is in line with government's expectations and our WRMP.

CONS: we won't meet our Vision and it means more water will be lost compared to other options.

The total cost over 25 years is **£157 million**.

This option doesn't increase total bills.

This option costs £0

Medium investment: Maintaining or enhancing our services

Reduce leakage by **50% by 2045**.

PROS: this is less expensive than our Vision and saves more water than waiting until 2050.

CONS: we won't meet our Vision and it's more expensive than waiting until 2050.

The total cost over 25 years is **£167 million**.

The average increase on bills per year is **£0.40** which means bills will increase by **£2** over five years.

This option costs £0.40 each year

High investment: Achieving our Vision

Reduce leakage by **50% by 2040**.

PROS: we achieve our Vision. You've told us reducing leakage is a big priority.

CONS: this is the most expensive option.

The total cost over 25 years is **£178 million**.

The average increase on bills is **£0.55** which means bills will increase by **£2.75** over five years.

This option costs £0.55 each year

"Its such a small amount that it may as well be the high investment one… Its for such a negligible amount you might as well go for the one that makes the most difference."

"The ideal target would be yesterday, so we don't really know what they need to do to meet that target, until then we're just picking numbers out of the air that sound nice."

"It doesn't really seem fair on the customer to have to pay for the company to improve their operation, it's not the customer's responsibility that water is running out, it's the company's problem as they didn't fix their leaks sooner, especially unfair during cost-of-living crisis."

- Students were asked to consider the pros and cons of the three investment options and decide which was best.

- Almost all participants chose the **high investment** option because it is the quickest and a reasonable price.

- Widespread view that leakage will only worsen over time, becoming more costly, so it makes sense to address the issue as soon as possible – but participants noted that 2050 sounds very distant and were conscious that they didn't have sufficient context to understand the scale of the issue and judge how appropriate and achievable the target is.

- Students also suggested that distant deadlines make it easier for companies to wriggle out of their commitments and water down their aims, and that a quicker timetable would make it more likely that Portsmouth Water would stick to the plan. A few more cynical respondents suggested that water companies don't mind risking fines or penalties for not hitting targets.

- Students perceived that even the high investment scenario costs very little money per customer, but were generally not aware that this only a single part of bill increases. There was also some confusion and negativity that customers must pay to fix the company's pipes, with students perceiving this as unfair.

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Students were generally supportive of metering, but were there were some concerns over universal metering and the potential negative impact on lower income and larger families.

"Some people overuse water, sometimes they leave the tap running, just to cool down something which is wastage. So, if you know the higher you use, the higher your bills, definitely you cut down on how you consume water."

"Ideally, fighting climate change should be on the backs of the massive corporations that have put us in this problem in the first place, rather than someone who wants a shower."

"They should be forced to do it- you should get a choice for 5/10 yrs, then it should be the norm for everyone. If it helps control the waste, leakage and everything, then you should be forced to have it."

Positives

- Paying for what you use is fair
- Makes people more conscious about their water usage which preserves water supplies in the face of growing environmental and population pressures
- Some believe universal metering to be sensible and appropriate provided there is a phased introduction to allow households to adjust
- Not fair to pay for 'all you can eat' when might not use the water (view in contrast to older generations)
- Support for vulnerable welcomed, but needs greater emphasis in plans as not obvious
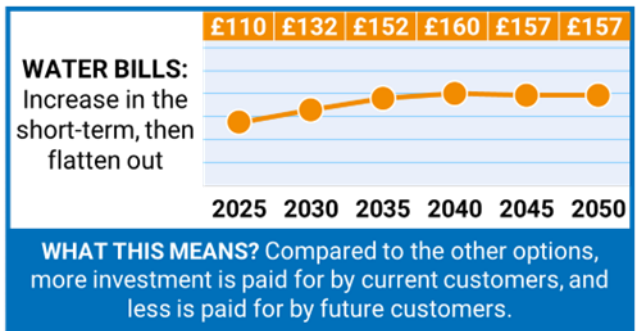
Negatives

- Some reluctance towards universal metering – sense that it shouldn't be forced upon people, even though it is the right thing to do for the environment
- It could penalise larger families or lower income people e.g., wealthier can afford water efficient appliances
- Some didn't trust meters, partly due to negative experiences with smart energy meters
- Some concern for financially vulnerable
- Tension around water usage in shared housing (common living situations for students and new graduates)

Suggestions and improvements

- Staged introduction, with financial incentives for early adopters
- All you can eat up to a certain amount, then a higher rate
- Levy on towns which use above average amounts
- Meters included in all newbuilds

Other initiatives to help people save water

- Educate children
- Visit universities to provide resources to students
- Systems for using grey water e.g., to flush toilets

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WATER BILLS: Increase in the short-term, then flatten out

£110 £132 £152 £160 £157 £157

2025 2030 2035 2040 2045 2050

WHAT THIS MEANS? Compared to the other options, more investment is paid for by current customers, and less is paid for by future customers.

Preferred option for **15**

WATER BILLS: Increase moderately both in the short-term and into the future

£110 £124 £138 £152 £166 £178

2025 2030 2035 2040 2045 2050

WHAT THIS MEANS? Compared to the other options, investment is paid for more evenly by both current and future customers.

Preferred option for **12**

WATER BILLS: Remain lower in the short-term then increase more

£110 £110 £120 £140 £175 £213

2025 2030 2035 2040 2045 2050

WHAT THIS MEANS? Compared to the other options, less investment is paid for by current customers, and more is paid for by future customers.
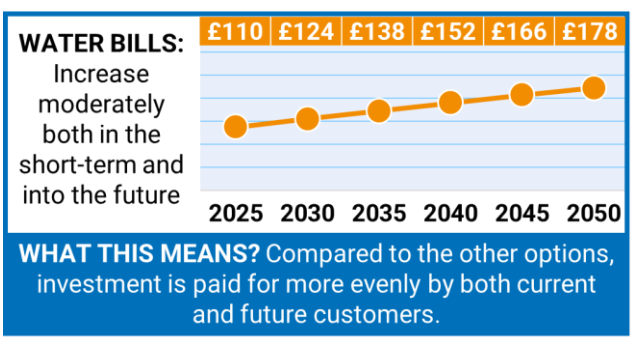
Preferred option for **0**

Positives

- Don't want to pay more than existing customers, as not a problem Gen Z created
- Students use less water and have less money than older people
- Awareness of cost-of-living crisis, but sacrifices must be made to carry out plans, especially when it ends with cheapest bill out of the 3 options in 2050

Negatives

- Current customers paying most of the investment is unfair when they won't benefit as much as younger customers
- This makes plan less appealing to older groups and hard to garner as much support
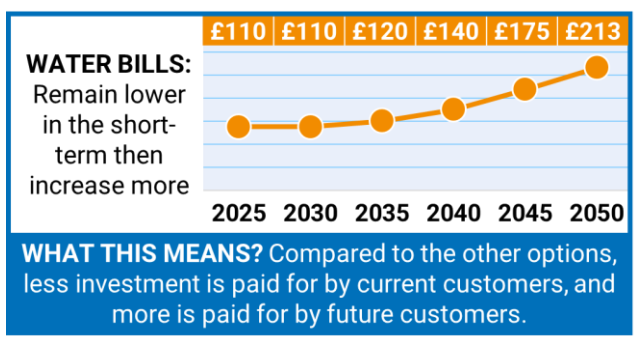
Option preferred by most

Positives

- Burden shared between generations- the 'fairest' bill option generationally
- Steady bill increase would hopefully increase in tandem with wage increases of future customers
- Increase is gradual vs option 3

Negatives

- Should burden be shared when younger customers have caused less problems than old?

Positives

- All students now but can afford it further on and there will be students then as well

Negatives

- Don't know what might happen – water could be more expensive, have to pay at some point so get it out of the way
- Will be older customers paying for something used in future – doesn't seem fair
- Price freeze helps during cost of living, but cost acceleration is steep, and final bill amount the largest
- Delaying investments may worsen problems creating further challenges

Effective engagement and communication

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Text is better for higher importance comms, but there is a desire for more general information via email. An effective self-serve capability is a particularly important aspect for students.

Important alerts

SMS is the best way to contact students with important alerts e.g. disruptions, bill payments – messages would be seen quickly due to high phone usage, whereas an email might get lost in a packed inbox.

"I tend to get a lot of emails, I've tried a lot of times to sort through things- a lot of emails get lost, even ones from Uni. Text messages for me are a bit better- I will see them."

General comms

Email is an appropriate channel for general comms e.g. news articles. Some would welcome more proactive communication around key issues such as those covered in the session, demonstrating transparency.

"Really good transparency would be appreciated in an email… if they told you this is how we run our operations, things they got wrong or want to improve upon, just that accountability would be really different from what everyone is doing at the minute."

Customer actions

Students would prefer to self-serve via a **customer portal** on the website to complete actions. If they had issues they could not fix themselves, they would like a clearly displayed **telephone** number to call.

"If I could not talk to someone, I will take that."

"Maybe even having a dedicated website with your account where you can pay your bills online, that kind of thing."

Other comms channels

Letters are not seen or ignored

"Not by post, nobody looks at letters anymore - first instinct is to just naturally ignore them, especially if you're renting."

Chatbots are widely disliked

"I hate it when there's a chatbot that pops up, it always misunderstands what you say."

An app is seen as overkill

"I have too many apps, I'd rather just get an email."

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What does this mean for Portsmouth Water?

Key findings and implications

Key findings

Implications for Portsmouth Water

Students are battling through tough times
Having reached adulthood in the aftermath of a severe recession and during a global pandemic, the cost-of-living crisis is now hitting students particularly hard. Student loans have been frozen and many juggle studies with part time work to make ends meet. Most have low expectations for potential earnings and anticipate having to navigate a stressful rental market for many years.

Portsmouth Water should be aware Future Customers have the potential to be angry and critical. Whilst most seem resigned to the negative outlook, and content to focus on the here and now, it appears that there is resentment towards older generations and big businesses bubbling under the surface. Extra care should be taken to listen to their views and more importantly to demonstrate that they are being taken into account.

Climate change is a key issue for students
There is higher than average awareness and understanding of environmental issues and concerns over what the future might hold keep many awake at night. There is a sense of helplessness in making an impact through their individual efforts and frustration over the perceived lack of urgency from government and industry in tackling the issues.

Portsmouth Water must recognise that climate change is a pressing concern for students and that its actions and initiatives will be judged through this lens. Students want to see fast action through improvements to outdated infrastructure. Engagement with students should place environmental issues front and centre, with a focus on demonstrating that Portsmouth water is committed to tackling the issue with a range of activities to reduce its impact.

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Key findings and implications

Key findings

Implications for Portsmouth Water

Students feel older generations had it easier
Many feel that their parents made hay while the sun shone, with better job opportunities, higher wages and lower house prices. Whilst recognizing that they might not have understood the impact they were having, there is a sense that older generations created the environmental issues which younger generations must now fix.

Portsmouth Water must take into account that whilst students accept that investment is needed for improvements to the water system, many feel it is the responsibility of older generations to pay for it. If the burden will be evenly distributed between generations, Portsmouth Water should make the decision more appealing by 1) stressing the importance of the initiatives in reducing impact on the environment and 2) appealing to students' strong sense of social justice and fairness.

Students have low trust in large companies
Students display some hostility towards big business particularly around the environment, where students perceive that they should be doing more to fix issues. There is some cynicism around the motivations of big business, with students conscious that private companies are focused on turning a profit rather than achieving goals and perceiving that they aren't obliged to be entirely transparent, so it isn't clear to what degree procedures are being followed.

Portsmouth Water must be conscious that water is a low engagement category and that its current awareness amongst students is low to non-existent. Portsmouth Water should focus on building trust through its engagement with students, with proactive communications focussing on transparency, including goals, progress towards targets and honesty over its failings and required improvements. Continuing to make clear that Portsmouth Water is not responsible for recent high profile sewage scandals in the area is vital.

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67. Portsmouth Water Future Customers - Plan Choices

Standards for high-quality research:	How addressed in this project:
Useful and contextualised	This project was designed to be complementary to previous sixth former future customer panel research. Research was undertaken to explore students' opinions around key water issues, and their views on Portsmouth Water's plans. For respondents, they were provided with stimulus materials to help understand the question context and in some cases, to help them articulate their preferences.
Fit for purpose	• Clear objectives that sat within the wider research and engagement programme agreed at the outset • Self-selecting sample via email invitation distributed though one of the university's faculties. Opt-ins were then screened to ensure the groups included a range of students across year of study and faculty, with some in halls, student housing and living with parents. • Sample size proportionate for a qualitative project focussing on one specific customer/future customer segment • Method to reflect the nature of the objectives and sample: 4 x 90 minute face to face discussion groups of 6-8 Portsmouth University students with 29 participants in total.
Neutrally designed	Blue Marble designed research materials including the discussion guides, group activities and stimulus materials. These are all designed with impartiality.
Inclusive	• Inclusive recruitment approach: all students within a large university faculty invited • Stimulus produced in plain English – all mediated by a research moderator • Face to face groups held on campus at the end of the teaching day • Incentives paid to cover any out of pocket expenses
Continual	While this was a one-off project it forms part of an ongoing commitment to conduct research with a wide cross section of customers.
Shared in full	Portsmouth Water to publish this report and supporting appendices on its website.
Ethical	Blue Marble is a company partner of the MRS, senior team members are all Members of the MRS and/or SRA. All Blue Marble's employees abide by the MRS Code of Conduct and as such all our research is in line with their ethical standards.
Independently assured	This report assured by Sia Partners

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