



BLUE MARBLE

# Social Tariff

## Acceptability of cross-subsidy – Report

9<sup>th</sup> December 2022



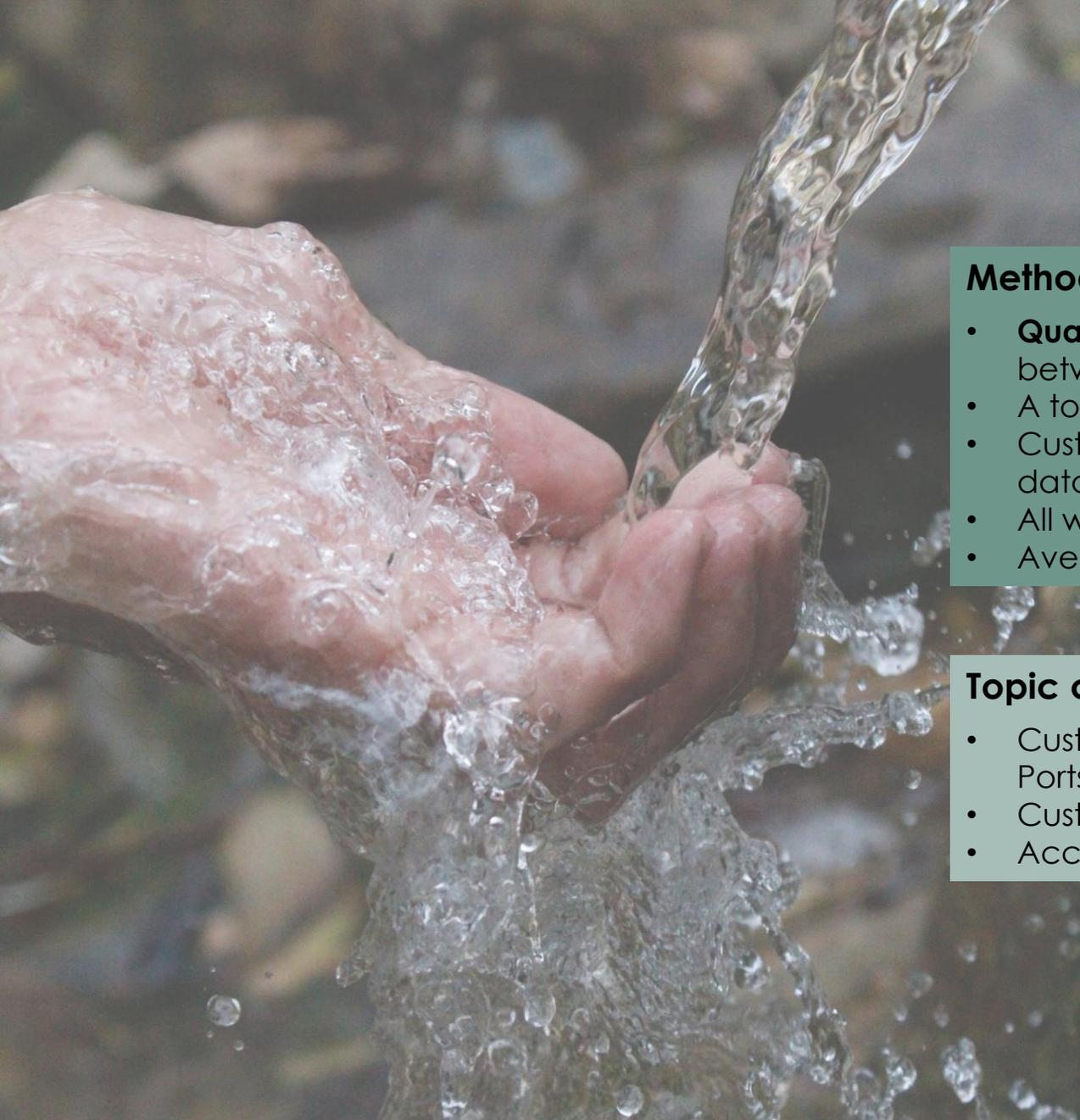


# 1) Method and sample characteristics

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## Method

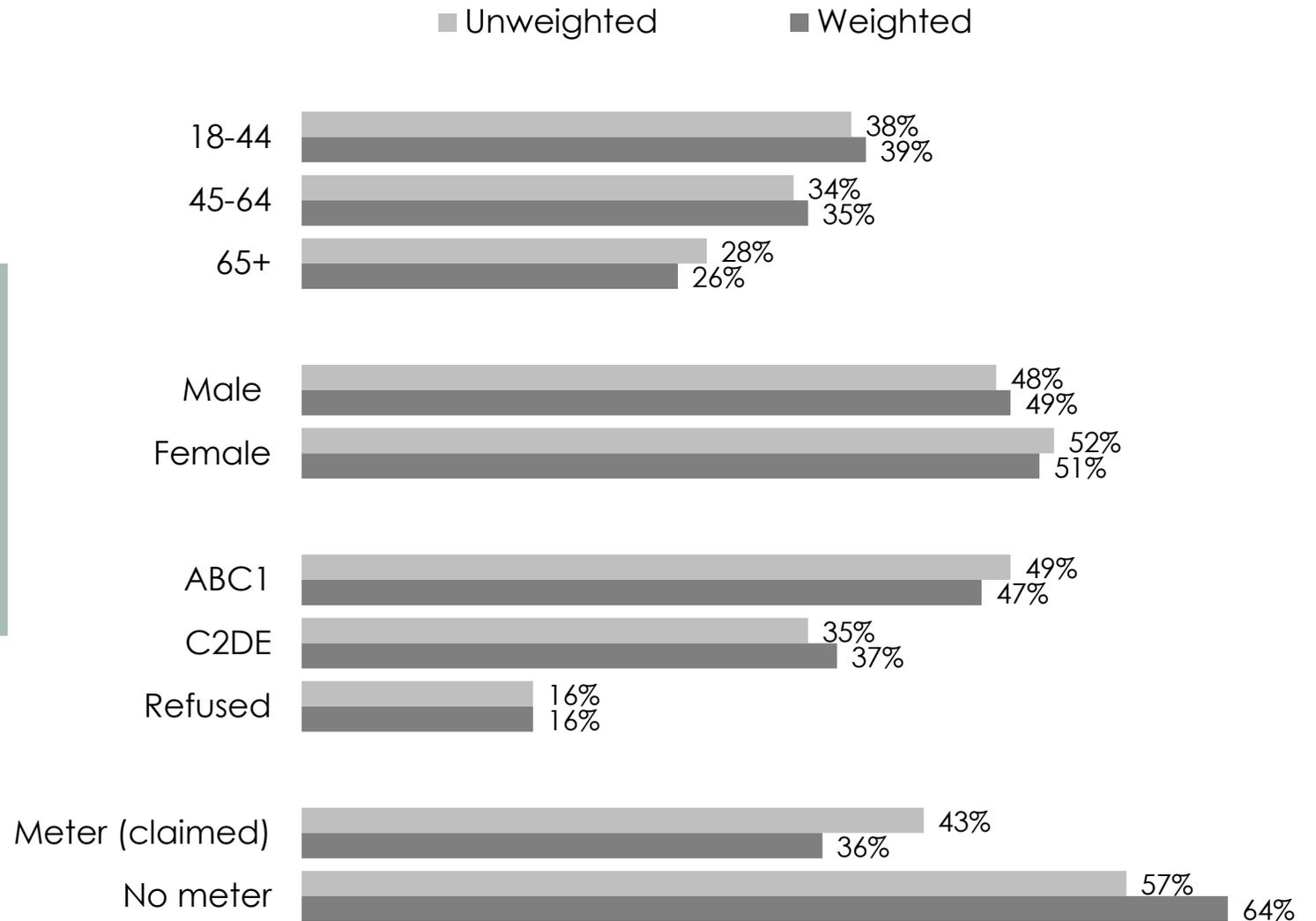
- **Quantitative survey via telephone amongst customers** took place between **10<sup>th</sup> and 21<sup>st</sup> November 2022**
- A total of **400** household customers took part
- Customers randomly selected from Portsmouth's Water customer database
- All were Portsmouth Water **bill payers**
- Average time for completion was **15 minutes**

## Topic coverage

- Customers' views on bill affordability and value for money of Portsmouth Water's service
- Customers' view of the social tariff in principle
- Acceptability of different levels of cross-subsidy



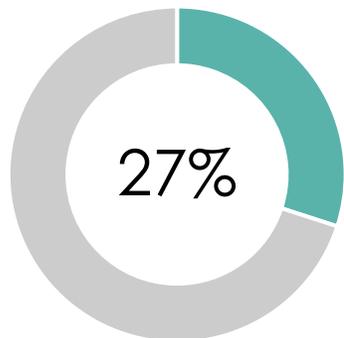
- The data in this report is **weighted** to match the known demographic profile of Portsmouth Water customers\* (age, gender, social grade and whether or not they have a water meter)



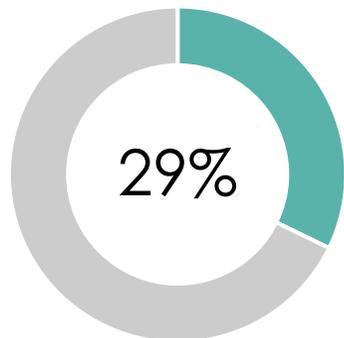
\* Based on 2011 Census data for the 18+ population of the Portsmouth Water region and nationwide omnibus data on water bill payers

# A substantial proportion of the sample (over 4 in 10) exhibit at least one indicator of vulnerability.

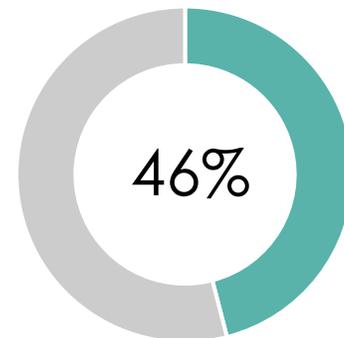
We also see that based on what customers tell us about their income and benefits that up to one in four may be eligible for the Helping Hand social tariff.



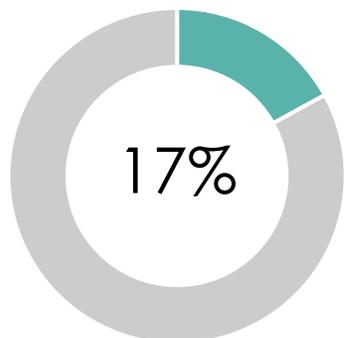
Indicate at least one **non-financial** vulnerability (health; remote location & no car; no Internet at home)



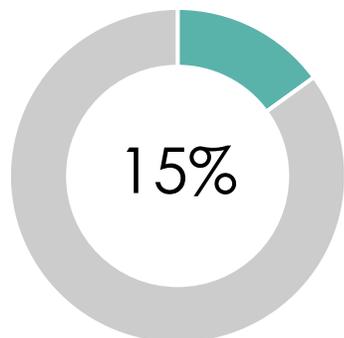
Indicate at least one **financial** vulnerability (low income / on benefit / on discounted tariff)



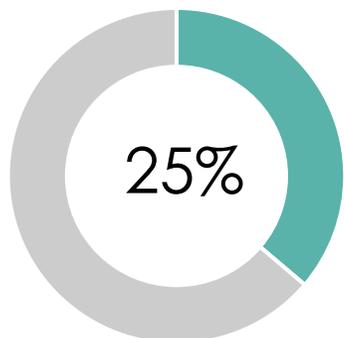
Show at least one indicator of vulnerability



claim to receive an income-related benefit



have an annual HH income of less than £17,000



may be eligible for the Helping Hand social tariff

**Those eligible for social tariff.**

This is based on respondents with a household income (before taxes) of under £17,000 **or** who are on any income-related benefit listed





## 2) Affordability and value for money

Photo by [Jos Speetjens](#) on Unsplash

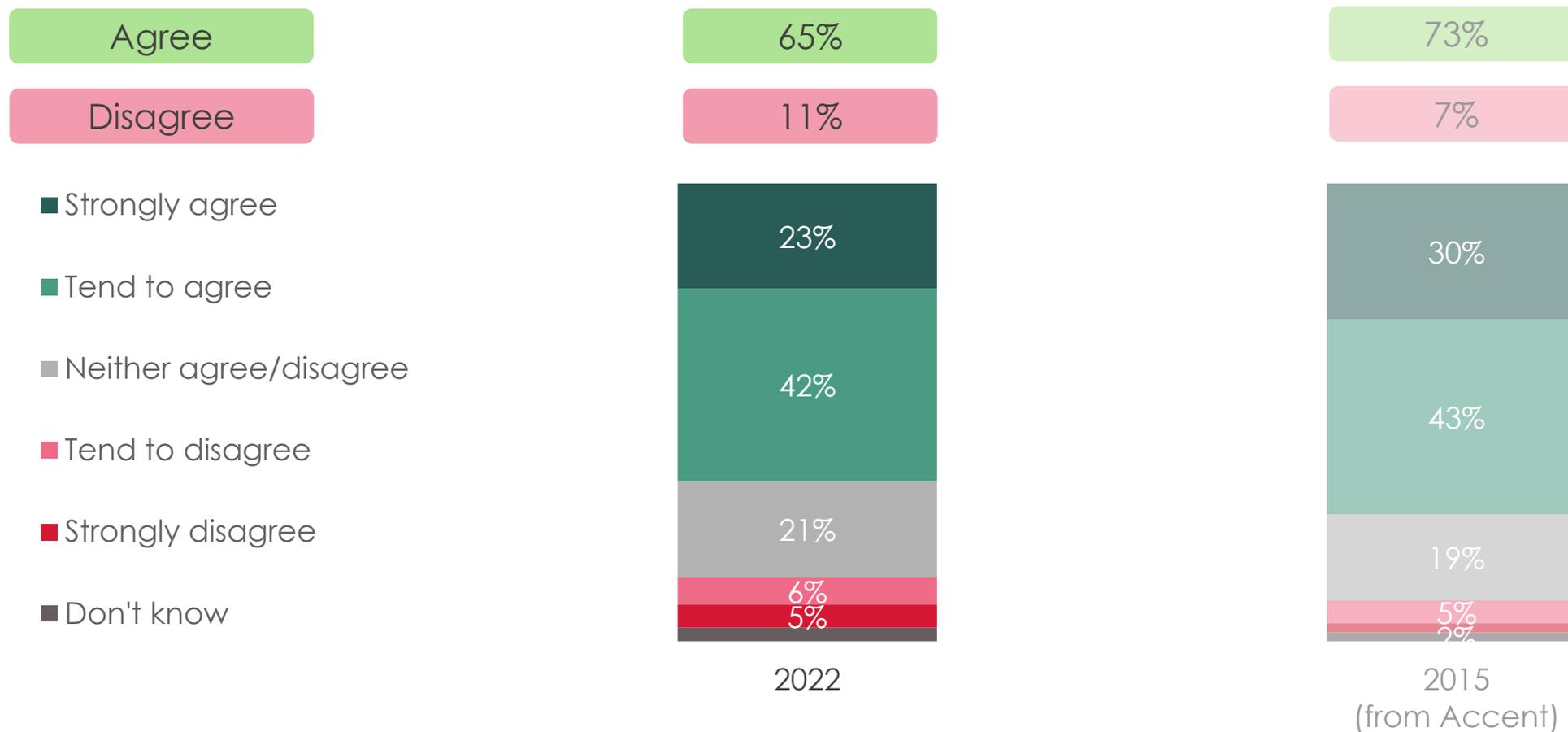


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# 65% feel their total water and sewerage charges are affordable.

This is a significant drop since the cross-subsidy research conducted by Accent in 2015, when 73% agreed that charges were affordable. This change is perhaps a reflection of the pressures induced by the increased cost of living and anticipated rises in energy bills.

## Affordability of total water and sewerage charges



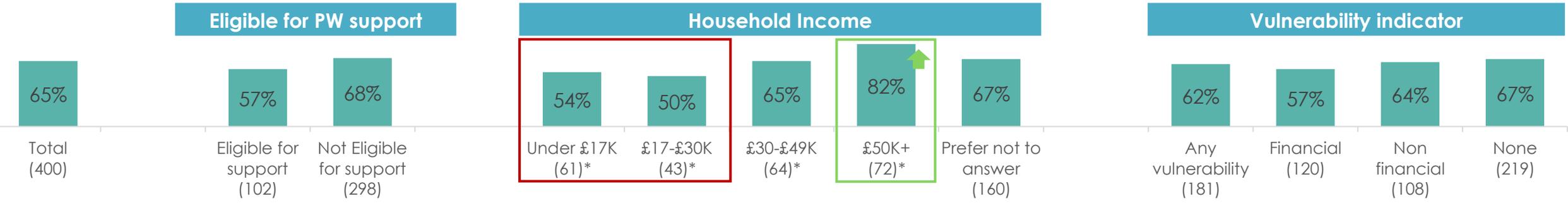
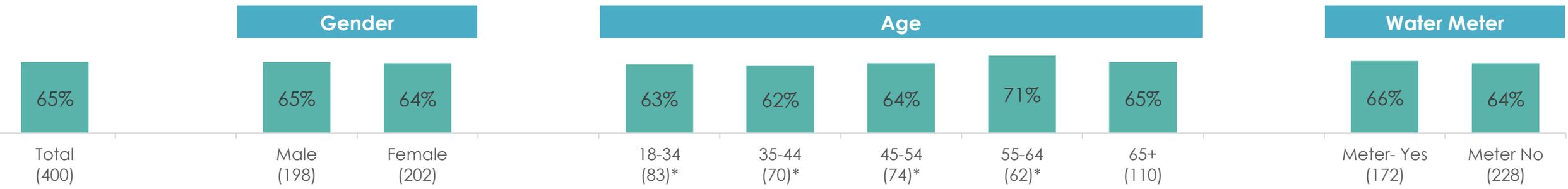
Q10. How much do you agree or disagree that the total water and sewerage charges that you pay now are affordable to you?  
 Base: 2022 (400) ; Accent Research 2015 (400)

# As we would expect, there is a relationship between bill affordability and household income.

Those on lower incomes are less likely to find the bill affordable than those on higher incomes. However, those in the lowest income bracket (<£17k) are not least able to afford – those ‘on the boundary’ of the social tariff (£17 – 30k HH income) are just as likely to be struggling.

## Affordability of total water and sewerage charges (% strongly or tend to agree)

↑ Significant difference vs. the total  
↓



“Portsmouth Water should consider those people who aren't on benefits and aren't alright at the same time to pay for their bills as they just about get by.”



Q10. How much do you agree or disagree that the total water and sewerage charges that you pay now are affordable to you? Base: Total (400) \*DENOTES LOW BASE SIZE – CAUTION

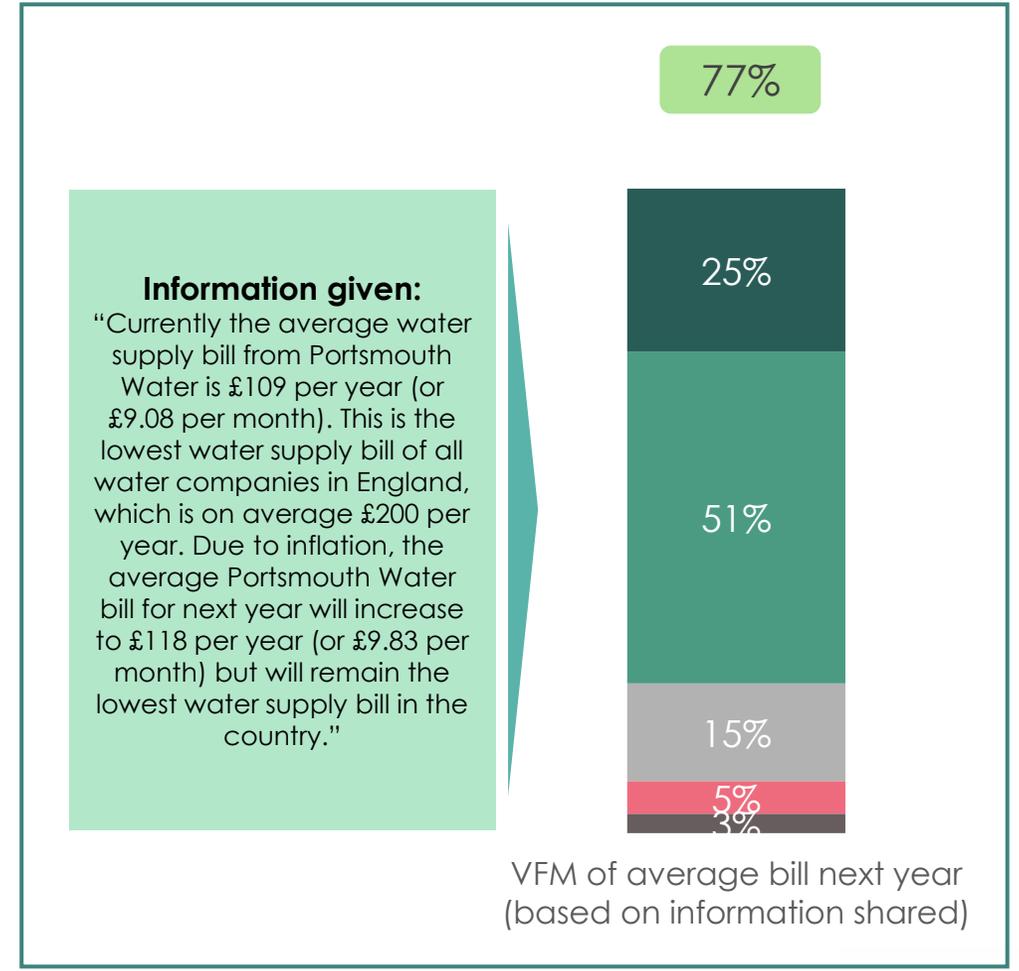
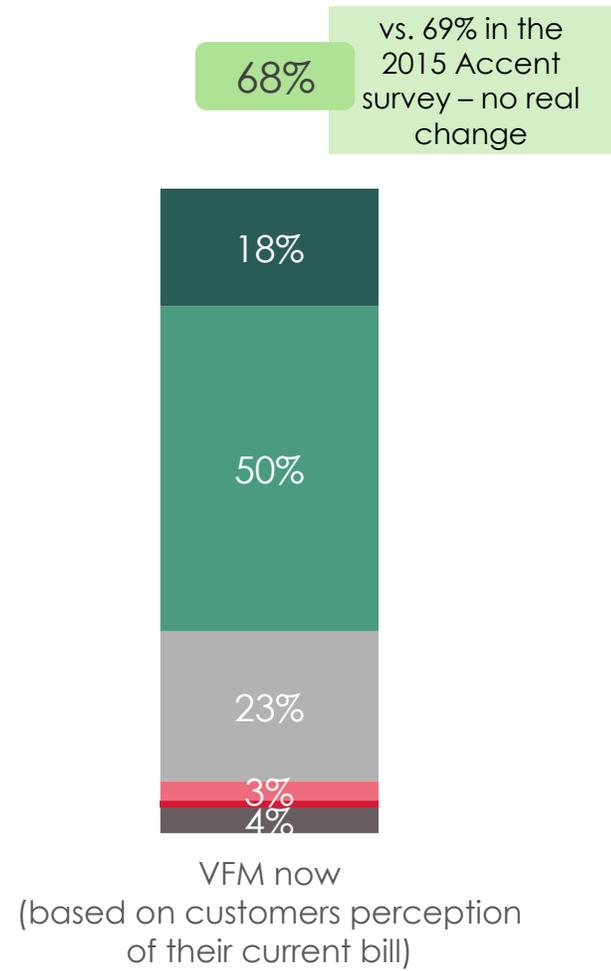
# Despite fewer customers agreeing that the total water bill is affordable, perceptions of Portsmouth Water's value for money is still on a par with Accent's 2015 research. 10

Furthermore, once we inform customers about how Portsmouth Water's average bill compares to the national average, even with a significant inflationary increase next year, over 3 in 4 customers perceive Portsmouth Water will offer good value for money next year.

## Value for money of Portsmouth Water

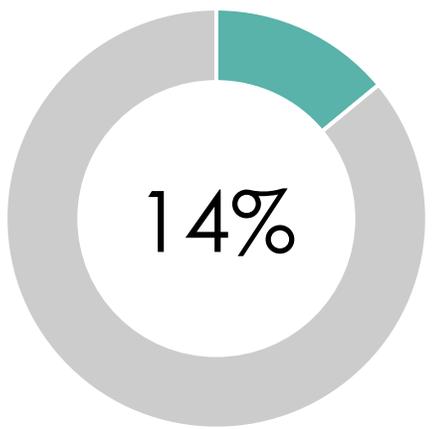
Good / very good

- Very good VFM
- Good VFM
- Neither good or poor VFM
- Poor VFM
- Very poor VFM
- Don't know



# Only 14% were aware of any financial aid schemes from Portsmouth Water.

While this is nearly double the 8% awareness in 2015, there is still plenty of scope to improve awareness, with some respondents spontaneously mentioning the need for more prominent communication from Portsmouth Water.



were aware of any financial assistance schemes from Portsmouth Water

Up from 8% of customers who were aware in 2015 (Source: Accent)

If they're going to do discounts (discounted water tariff) put it on the website, just like other companies and organisations so that we are aware of it.

Tell people about the discounts and let them know that they have the discount available to them, would help with those who low income to know what they can get and what they can go for.

It would be nice for Portsmouth Water to contact customers and inform them about bill support that is available instead of just sending out letters with the bill and they don't tell you about the support which is available.

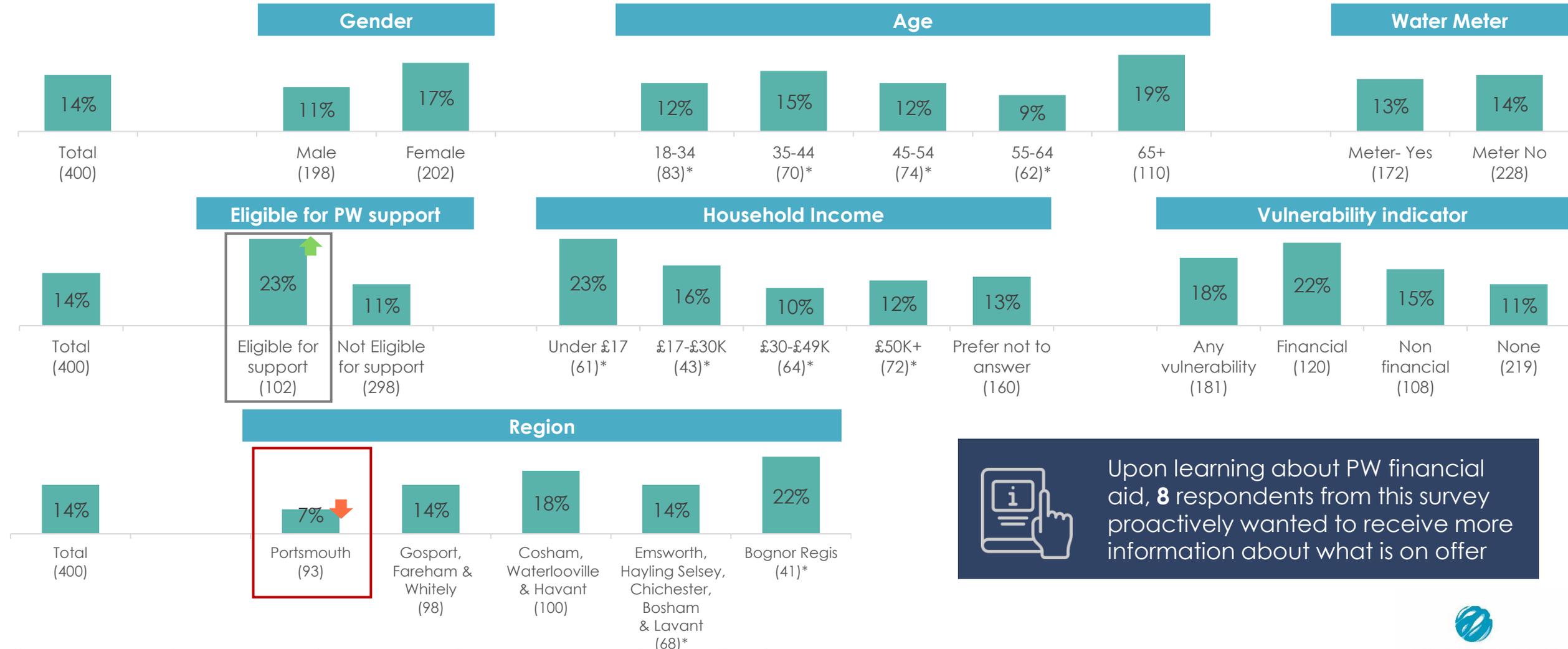
I didn't know they ran any schemes for low household income - want details of their website so can look into it.

# More signposting of the social tariff is needed as less than a quarter of those potentially eligible for the current scheme are aware of it.

The focus needs to be on communicating to those who may be eligible and who have financial vulnerabilities; GIS analysis could potentially assist targeting at a local level (there's indicative evidence that those in Portsmouth itself are least likely to know about support).

## Aware of any Portsmouth Water scheme to help customers in financial difficulty

 Significant difference vs. the total  
 vs. the total




 Upon learning about PW financial aid, **8** respondents from this survey proactively wanted to receive more information about what is on offer

Q14. Are you aware of any schemes that Portsmouth Water offers to help customers in financial difficulty?  
 Base: Total (400) \*DENOTES LOW BASE SIZE – PROCEED WITH CAUTION



Photo by [Jos Speetjens](#) on Unsplash

## 3) Response to Social Tariff

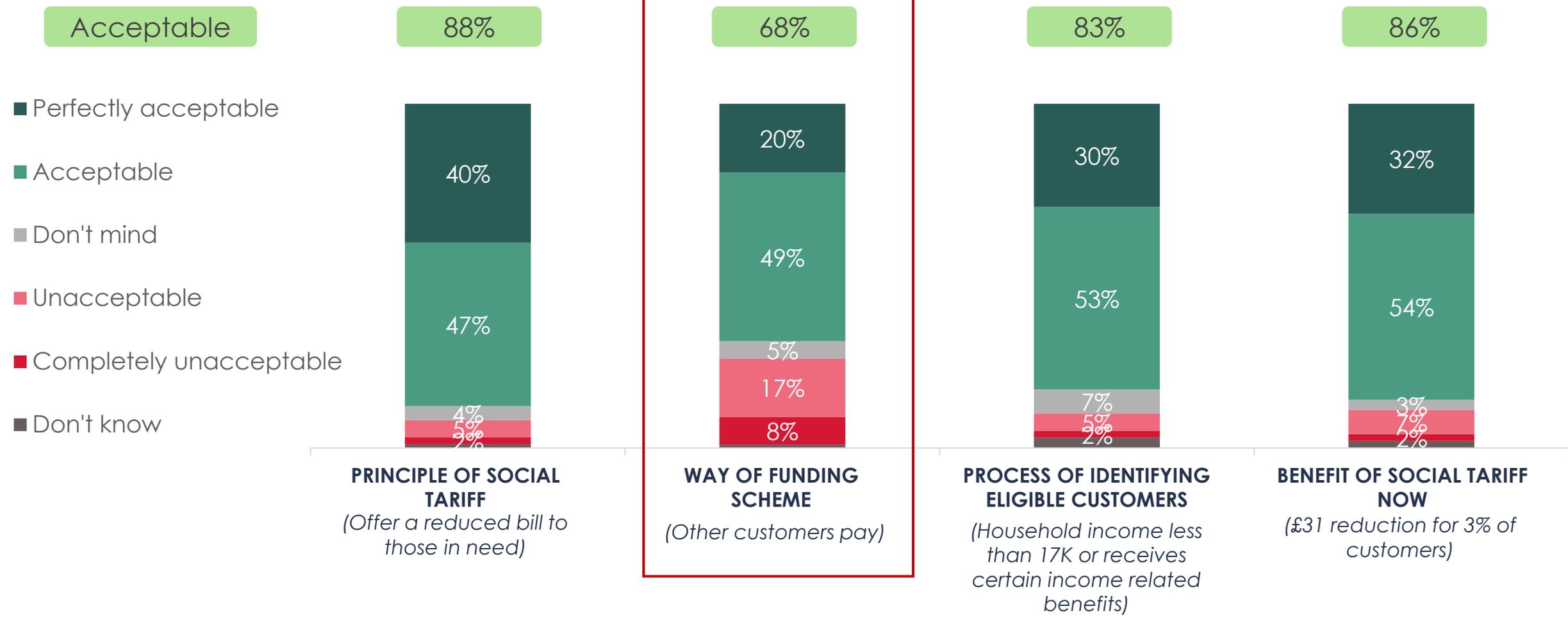


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# The vast majority - 88% - are in favour of the principle of Portsmouth Water providing support to help customers on limited incomes.

While they are less inclined to endorse the concept of having other customers fund such a scheme, the process of identifying eligible customers, and the current benefit of the social tariff scheme now are both largely felt to be acceptable.

## Acceptability of ....



Q16. How acceptable do you think it is for Portsmouth Water to offer a reduced bill to help customers on limited incomes? Q17. How acceptable do you find this as a way of funding this scheme? Q18. How acceptable is it that Portsmouth Water identifies those who should receive a lower bill in this way? Q19. How acceptable is it that Portsmouth Water provide a scheme where around 3% of their customers on limited incomes receive an average £31 reduction in their annual water bill? Base: Total (400)

**25%** initially find the **way of funding** the scheme **unacceptable** (before they see the contribution amounts)

If the company paid for it it's fine, just I don't see why others have to pay for it, paying a small amount per year wouldn't have any impact it's just the principle. We've worked all our lives and saved for our pension and we have to pay for others and my bill is higher than the average, so I shouldn't have to pay more.

What you are doing tonight asking us whether we will pay for people who are less well off it is good in principle but actually by asking us as customers to pay and to be doing nothing themselves aside the administration costs. I don't see why we should and it should be shared with Portsmouth Water if it is going to be done at all. Passing whole cost to us is not right and it should be matched funding from what the customers are offering.

I would be happy to contribute if Portsmouth Water contribute as well. If the households are expected to put in £1 then they need to put £1 in from profits, it needs to be on an equal footing.

The company should match the benefits that the customers are paying

I don't find it acceptable others should pay for others. I think they should be paid from the profit from the company if they are to do a scheme like this.

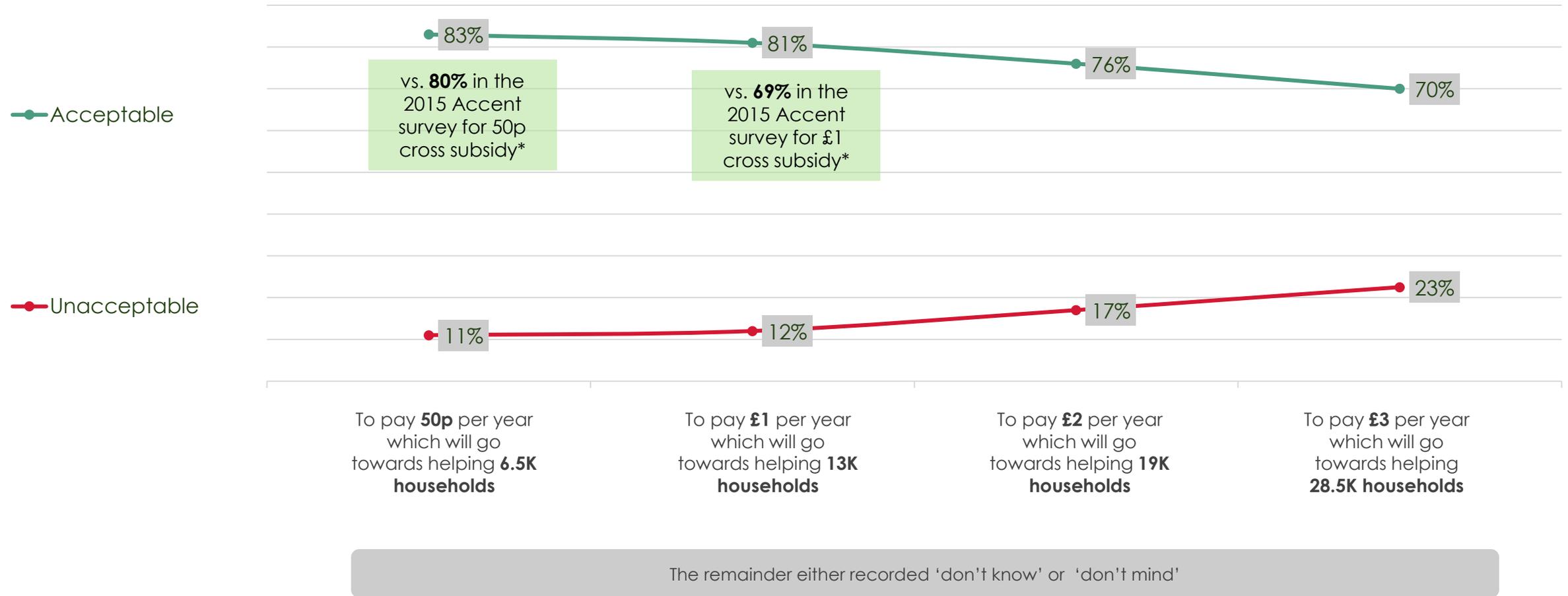
If people at the top took less pay and bonuses, and their salaries were more in line with more people's salaries, bills could be lower anyway. Its common sense. If you're not taking much money from wages, bills can go down and people get more pay.

Shouldn't be relying on customers to pay for water bill for those who cant afford it, should come from their own pockets, wouldn't necessarily have a long term effect on us but there are people who are just above the deadline and are still having to pay, whilst Portsmouth Water are not contributing anything. Perhaps could match what other people contribute, for example for ever pound spend from bill payers, they should match the same amount from their own pockets.

# 76% state that they would accept the additional annual charge of £2 as the contribution toward the social tariff; 70% would find £3 acceptable.

Comparing with the Accent research in 2015, there is higher acceptability this time for the £1 price point, although this is for a slightly different discount scheme.

## Willingness to pay for Social Tariff

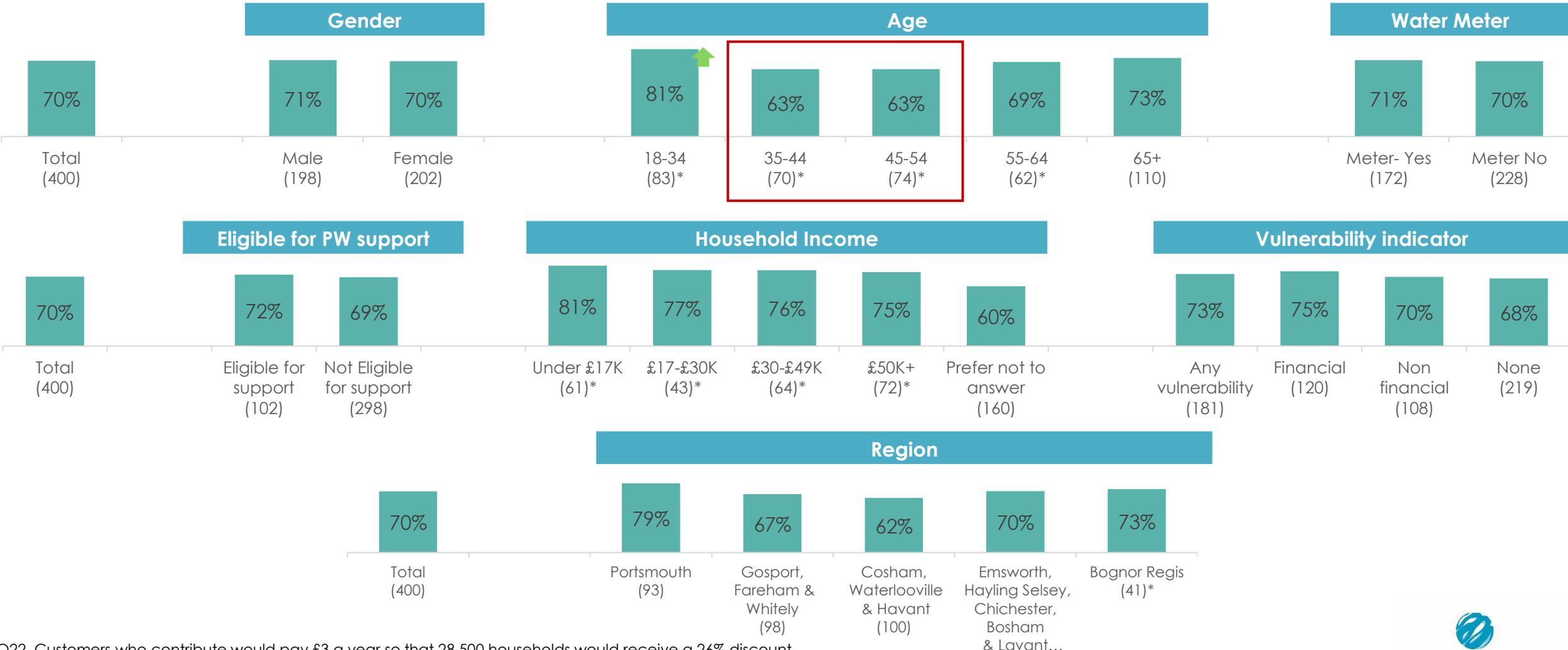


# Under 34s are more likely to find a £3 social tariff contribution acceptable.

35-54s are least likely to accept it – perhaps a reflection of the anxiety about cost of living and rising prices particularly felt amongst family lifestage groups.

## Willingness to pay £3 extra to help 28.5K households (% 'Perfectly acceptable' or 'acceptable')

 Significant difference vs. the total  
 vs. the total

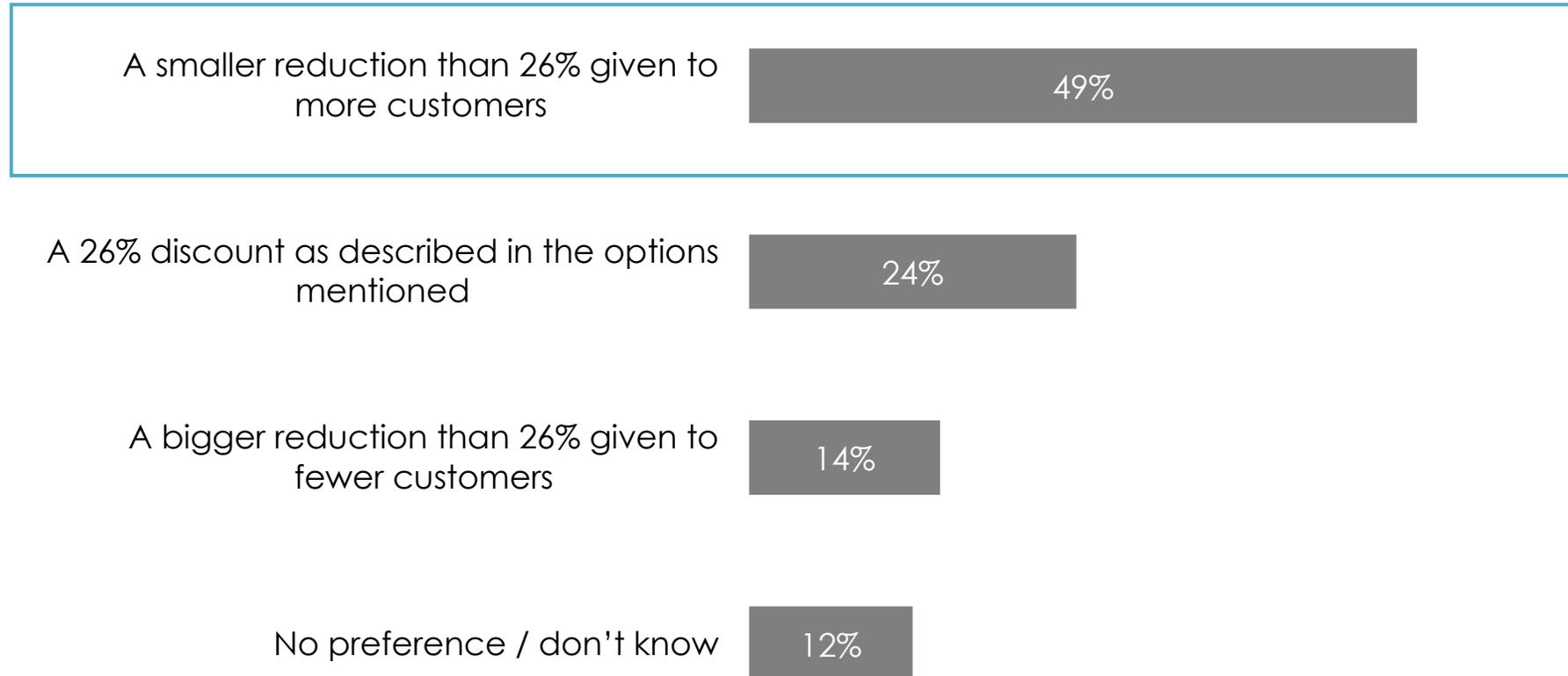


Q22. Customers who contribute would pay £3 a year so that 28,500 households would receive a 26% discount. Please tell me how acceptable this scheme is to you?  
 Base: Total (400) \*DENOTES LOW BASE SIZE – PROCEED WITH CAUTION

# Regarding the level of support provided by the social tariff, more customers prefer the idea of having a smaller discount given to a larger number of customers, rather than the suggested 26% discount.

This may be reflective of a high proportion of customers feeling the effects of increasing living costs and the perception that a larger number of people would currently benefit from assistance with bills.

## Preference for level of discount provided by Social Tariff



People on benefits get more money than us and we are all going through struggles. Therefore, it should be fair to all customers. So if you're going to apply a discount it should be applied to all customers not just those on lower incomes or on benefits.

They should include pensioners with the low income discount. They do a brilliant job but should restrict how much water they lose. The elderly need just as much help as those who are on low income.

Pass the savings on for everyone not just a small bracket of customers.



Q23. Which of the following would you prefer...?  
Base: Total (400)



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## 4) Summary



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1

65% of Portsmouth Water customers currently feel their total water and sewerage bills are affordable - a lower proportion than reported by Accent in their 2015 research (73%). This decline in affordability is likely to reflect heightened pressures and anxieties surrounding increased costs of living.

2

68% of customers rate the service they currently receive from Portsmouth Water as good value for money. This is very similar to the picture in 2015. So despite wider concerns on affordability, perceptions of Portsmouth Water's value for money are not (so far) being negatively impacted.

3

Once we inform customers about how Portsmouth Water's average bill compares to the national average, even with a significant inflationary bill increase next year, over 3 in 4 customers perceive Portsmouth Water's average bill will be good value for money next year.

4

The vast majority (88%) are in favour of the **principle** of Portsmouth Water providing support to help customers on limited incomes. Yet initially they are less inclined to endorse the concept of other customers funding such a scheme (68% initially find this idea acceptable).

5

However, when shown **the amounts** that customers might contribute to the scheme, most find these acceptable:

- 81% of customers said a contribution of £1 a year would be acceptable
- 76% said a contribution of £2 a year would be acceptable
- 70% said a contribution of £3 a year would be acceptable

6

While a quarter thought the proposed level of support (a 26% discount) was about right, almost half said they would prefer a lower level of support enabling more households to be assisted. This may be reflective of a widespread awareness of, and sense of anxiety about, increasing living costs.





# Appendix

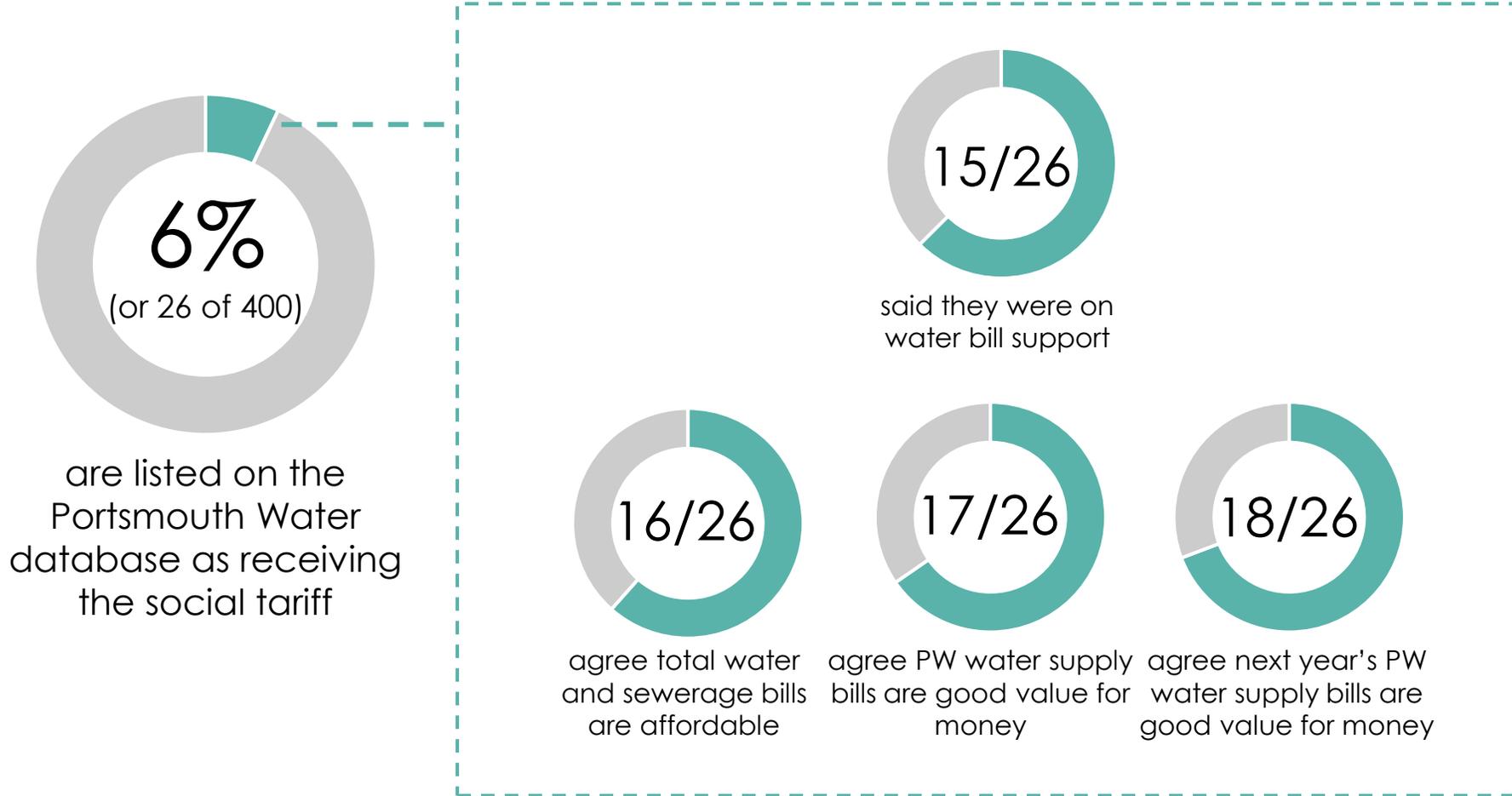


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# 6% of customers interviewed currently receive the social tariff, although not all of them are aware that they <sup>22</sup> are receiving bill support.

Of those receiving the social tariff, most (but not all) said that their total water and sewerage bill was affordable - suggesting that for some the level of support may be not enough.

## Recipients of the Portsmouth Water Social Tariff (from PW database)



Just under **1 in 5** customers eligible for the existing Portsmouth Water social tariff (based on what they told us about their income / benefits) are actually receiving it. There's a long way to go to support all those who qualify (although we also know that 57% of those who qualify find their bill affordable, so may not feel they should receive the social tariff).

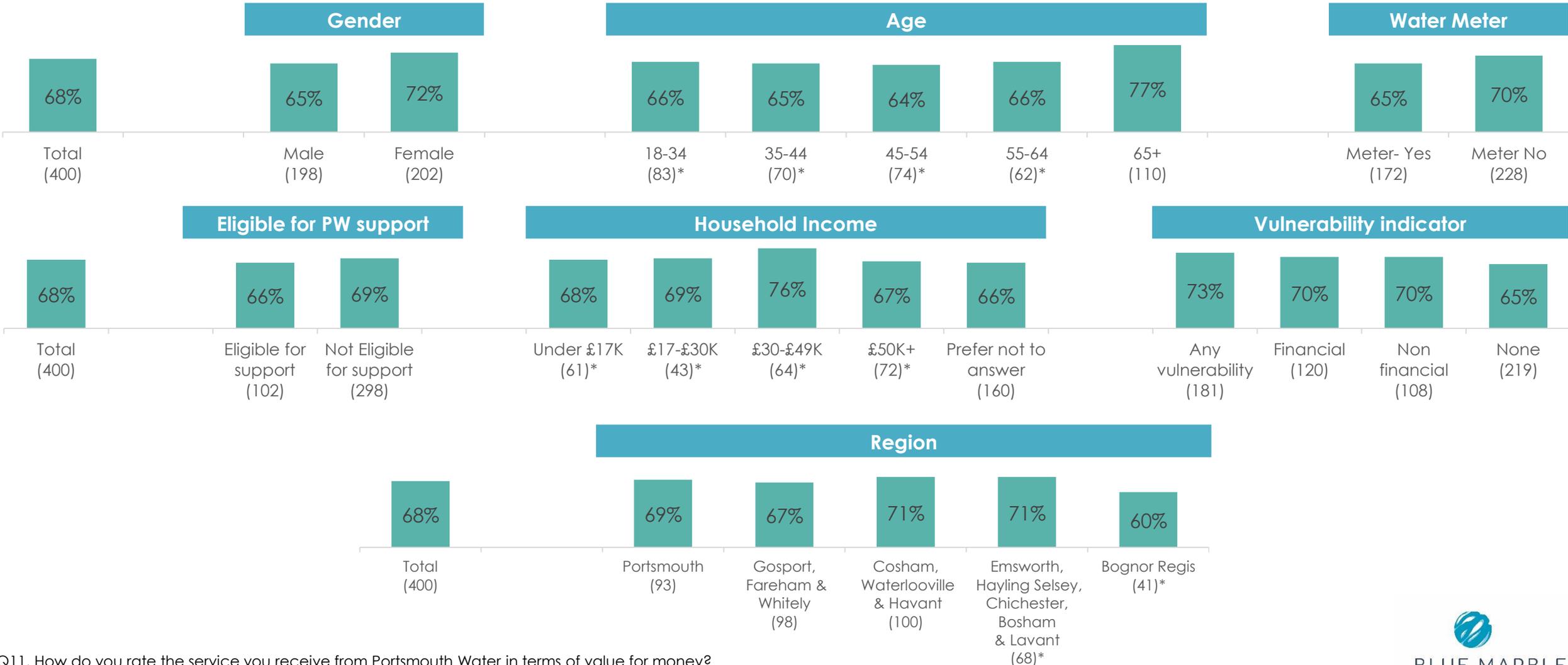
Base: Total (400) Listed as being on social tariff (26) Not receiving any PW support (341) **LOW BASE SIZE – PROCEED WITH CAUTION**

# Just over 2 in 3 say that they find the PW water supply bill good VFM

Some indication that 65+ are more likely to rate the service they receive from Portsmouth Water as good VFM. We also note that VFM is not worse amongst those with vulnerabilities, and having that having a water meter is not positively influencing perceived VFM

## Value for money of Portsmouth Water bill currently (% very good or good)

 Significant difference vs. the total  
 vs. the total



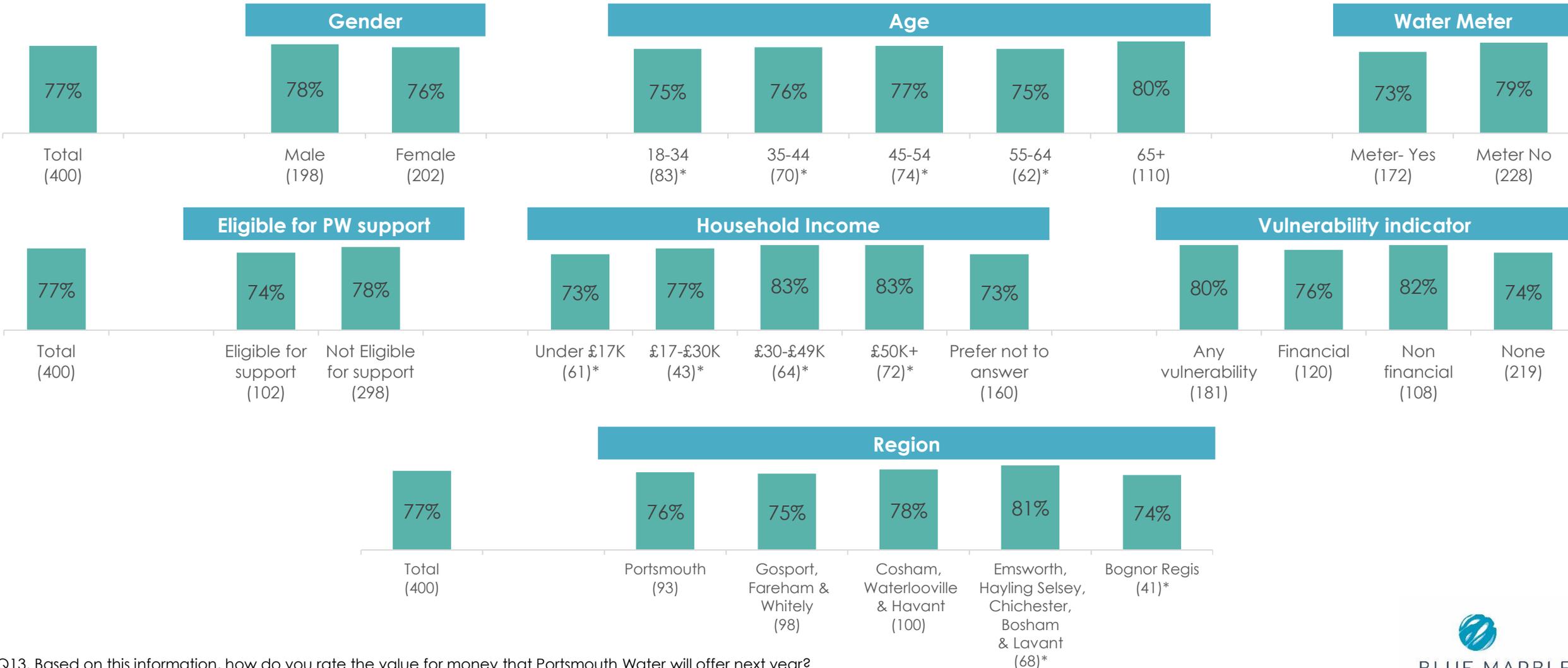
Q11. How do you rate the service you receive from Portsmouth Water in terms of value for money?  
 Base: Total (400) \*DENOTES LOW BASE SIZE – PROCEED WITH CAUTION

# Just over 3 in 4 believe that next year's average bill would be good VFM

This is slightly higher amongst more affluent households, but not significantly so

## Value for money of Portsmouth Water bill next year (% very good or good)

 Significant difference  
 vs. the total

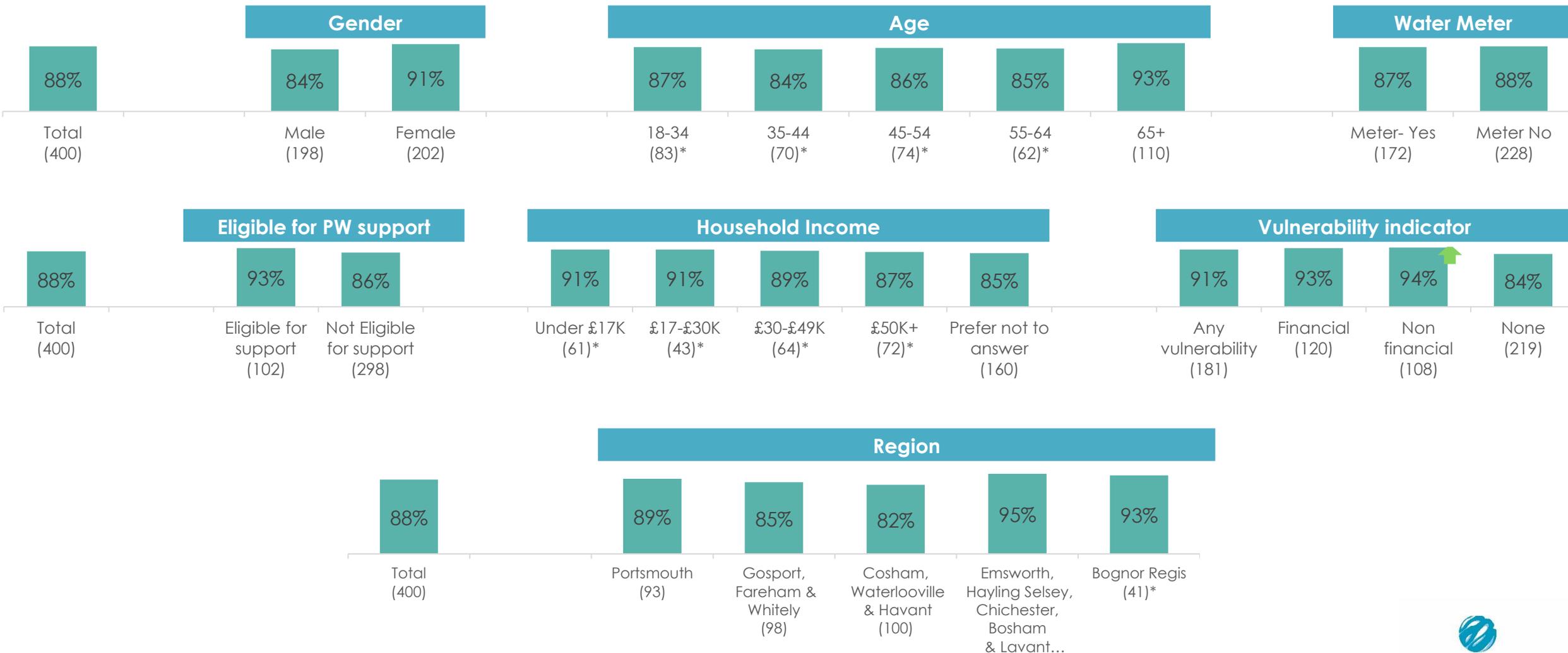


Q13. Based on this information, how do you rate the value for money that Portsmouth Water will offer next year?  
 Base: Total (400) \*DENOTES LOW BASE SIZE – PROCEED WITH CAUTION

There are no notable subgroup differences non financial related vulnerable customers are significantly more likely to do so

## Acceptable: Principle of social tariff

 Significant difference vs. the total  
 vs. the total



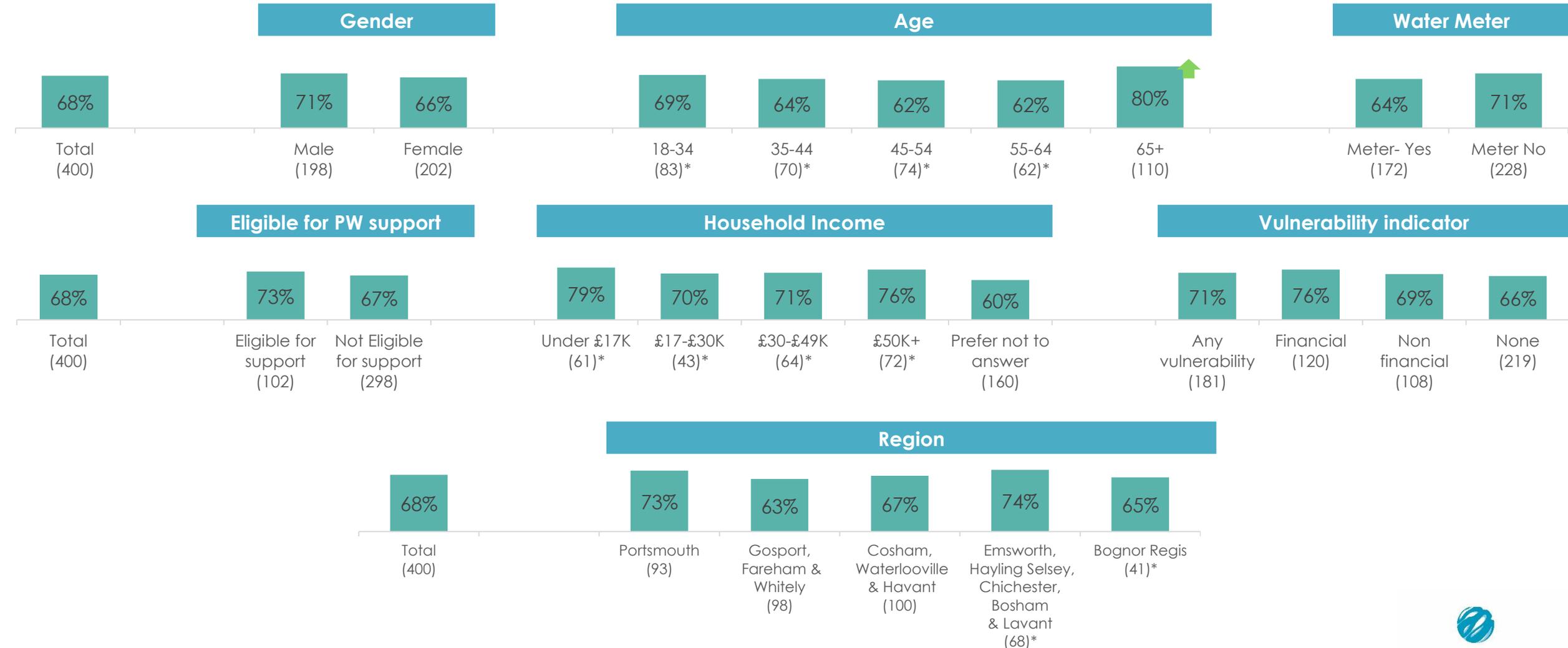
Q16. How acceptable do you think it is for Portsmouth Water to offer a reduced bill to help customers on limited incomes?  
 Base: Total (400) \*DENOTES LOW BASE SIZE – PROCEED WITH CAUTION

# The 65+ cohort of customers are most likely to find the concept of funding via other customers acceptable <sup>27</sup>

Generally there is no significant difference between subgroups with regards to acceptability of how Social Tariff is funded

## Acceptable: Way of funding the scheme

 Significant difference vs. the total  
 vs. the total



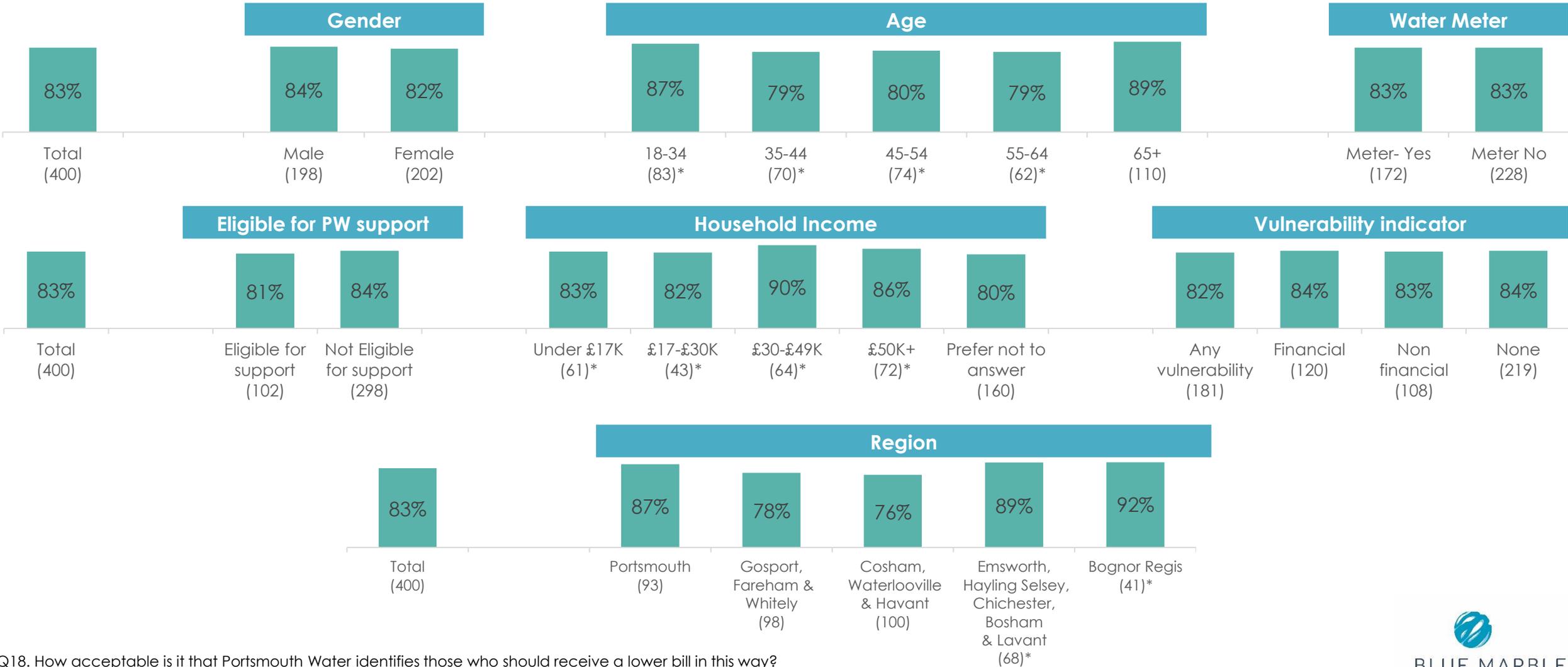
Q17. How acceptable do you find this as a way of funding this scheme?  
 Base: Total (400) \*DENOTES LOW BASE SIZE – PROCEED WITH CAUTION

# The majority of people find the current process of identifying customers in need acceptable

This is the case amongst all subgroups, although signs of some slight variation geographically within the region.

## Acceptable: Process of identifying customers in need

 Significant difference vs. the total  
 vs. the total



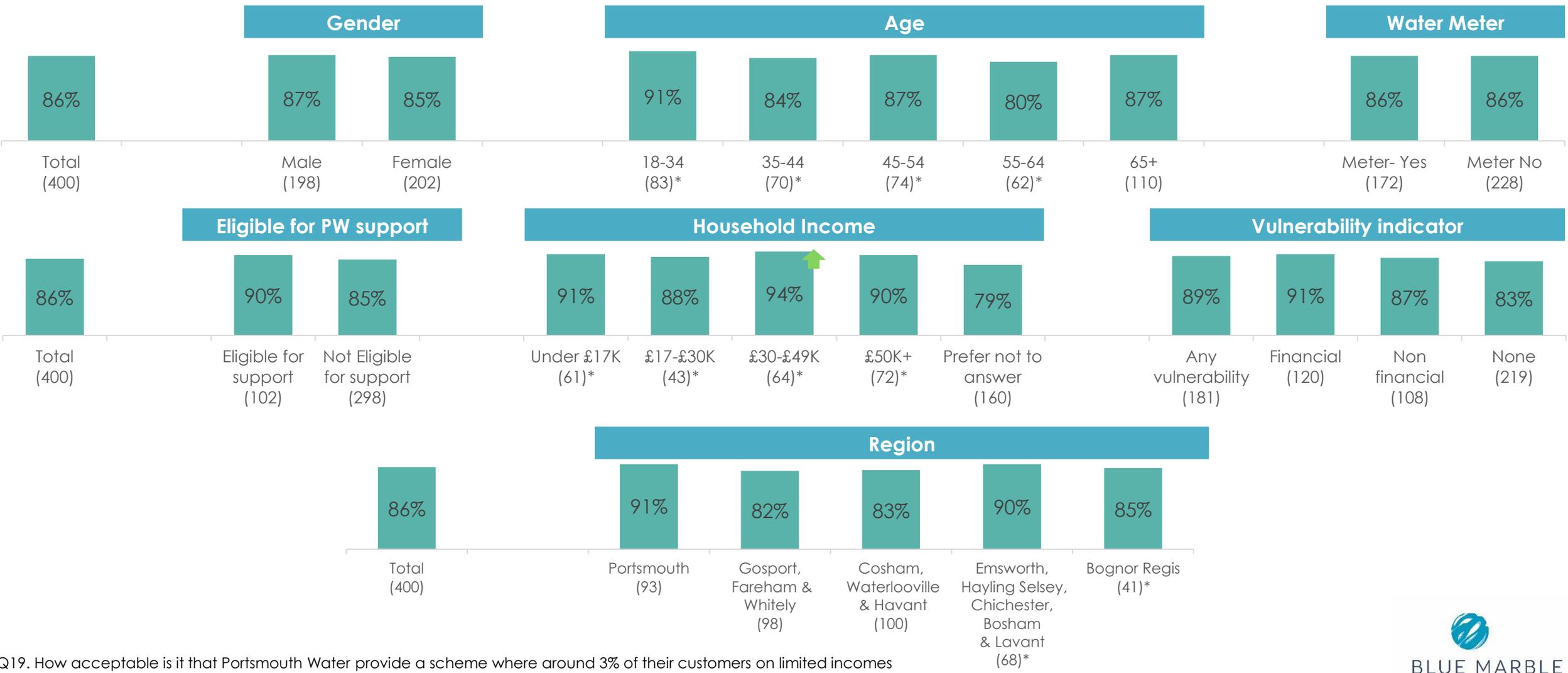
Q18. How acceptable is it that Portsmouth Water identifies those who should receive a lower bill in this way?  
 Base: Total (400) \*DENOTES LOW BASE SIZE – PROCEED WITH CAUTION

# The impact of the current social tariff is generally found acceptable by the majority of customers

Acceptability is significantly higher amongst those with incomes between £30-£49K per annum

## Acceptable: Benefit of social tariff now (31% discount for 3% of customers)

 Significant difference vs. the total  
 vs. the total



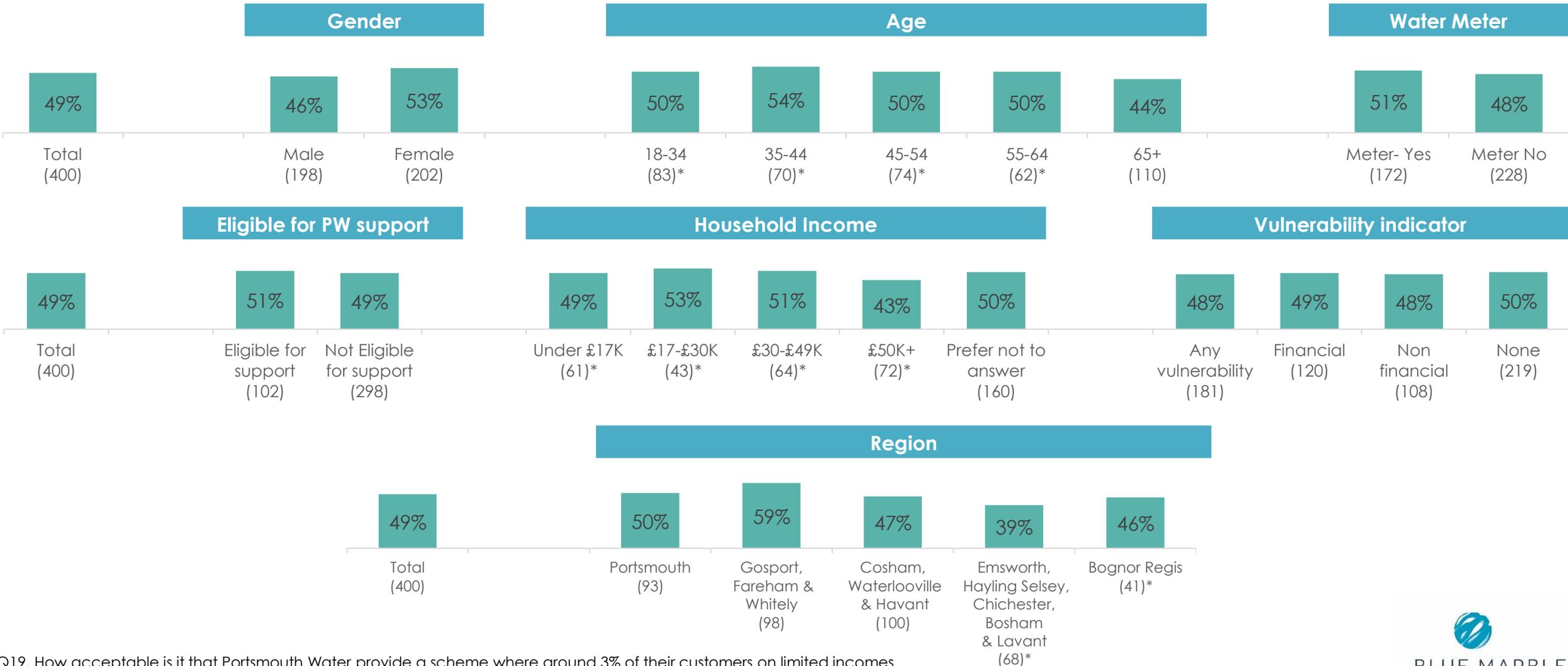
Q19. How acceptable is it that Portsmouth Water provide a scheme where around 3% of their customers on limited incomes receive an average £31 reduction in their annual water bill? Base: Total (400) \*DENOTES LOW BASE SIZE – PROCEED WITH CAUTION

# About a half of customers would like to see the social tariff spread more widely

This is quite consistent across all subgroups, although some indications of some difference by geographic area.

## Preference: A smaller reduction than 26% given to more customers

 Significant difference vs. the total  
 vs. the total



Q19. How acceptable is it that Portsmouth Water provide a scheme where around 3% of their customers on limited incomes receive an average £31 reduction in their annual water bill? Base: Total (400) \*DENOTES LOW BASE SIZE – PROCEED WITH CAUTION



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## 58. Portsmouth Water\_Crosssubsidysurvey\_report v1.0\_121222

Standards for high-quality research:	How addressed in this project:
<b>Useful and contextualised</b>	<p>This research formed part of Portsmouth Water's PR24 research to explore customers' views on bill affordability and value for money of Portsmouth Water's service; Customers' view of the social tariff in principle; and acceptability of different levels of cross-subsidy. Respondents were provided with explanatory information as part of the survey design. Customers were asked if they would like to receive information about customer aid as part of this survey – allowing PW to get in touch with these households following their participation.</p>
<b>Fit for purpose</b>	<ul style="list-style-type: none"> <li>• Quantitative survey via telephone amongst customers : a total of 400 household customers took part</li> <li>• Customers randomly selected from Portsmouth's Water customer database (all were Portsmouth Water bill payers) and invited via email</li> <li>• Survey data was weighted to match the known demographic profile of Portsmouth Water customers (age, gender, SEG and meter status))</li> </ul>
<b>Neutrally designed</b>	<p>Blue Marble designed the survey and materials with impartiality. The quantitative survey used balanced answer lists, randomised answer lists and gave options to say 'don't know'.</p>
<b>Inclusive</b>	<p>This survey reflected a wide range of perspectives and included the views of households with vulnerabilities and those who are financially struggling. Robust subsamples of a wide range of household customer types and segments were achieved, including younger and older age groups, all social grades and customers with vulnerabilities.</p>
<b>Continual</b>	<p>While this was a one-off project, required by the regulator, it forms part of an ongoing commitment to conduct research with a wide cross section of customers.</p>
<b>Shared in full</b>	<p>Portsmouth Water to publish this report and supporting appendices on its website.</p>
<b>Ethical</b>	<p>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.</p>
<b>Independently assured</b>	<p>This report assured by Sia Partners</p>

