

# TA 2.4 Trust & Transparency YouGov Report Technical Annex

September 2018

Version 1.0



# Trust and transparency

July 2018



# Scope - qualitative



- The qualitative data in this report was gathered using two methods:
- 2x 2 hour workshops were conducted with customers of Southern Water, with 2 groups per workshop.
- Workshops were held in Canterbury and Southampton over two evenings (29<sup>th</sup> & 31<sup>st</sup> May) and were attended by 7-9 people per group (N=31).
- Workshop groups were split between social grade (ABC1 and C2DE) and were mixed age and gender.
- 8x 30-45 minute telephone depth interviews were conducted with stakeholders of Southern Water from a range of sectors (6<sup>th</sup>-31<sup>st</sup> July).
- Workshops and interviews focused on perceptions of trust and transparency in relation to Southern Water, including the effect of information provision on perceived transparency.

# Scope - quantitative



- The quantitative data within this report is based on 1,008 self completed online interviews.
- Fieldwork was undertaken between 5<sup>th</sup> July to the 18<sup>th</sup> July 2018.
- Screening at the start of the survey ensured that every respondent lived within Southern Water's catchment area. This was achieved by cross referencing their post code against the list of post codes which Southern Water provides service for. This reference table was also used to determine the level of service which they received from Southern Water (water only, waste only, dual) which in turn was used to filter certain questions within the survey.
- The data in this report is weighted to age, gender, region and social grade representative of the demographic makeup of Kent, Sussex, Hampshire and the Isle of Wight.

# Section 1:

## Perceptions of trust and transparency

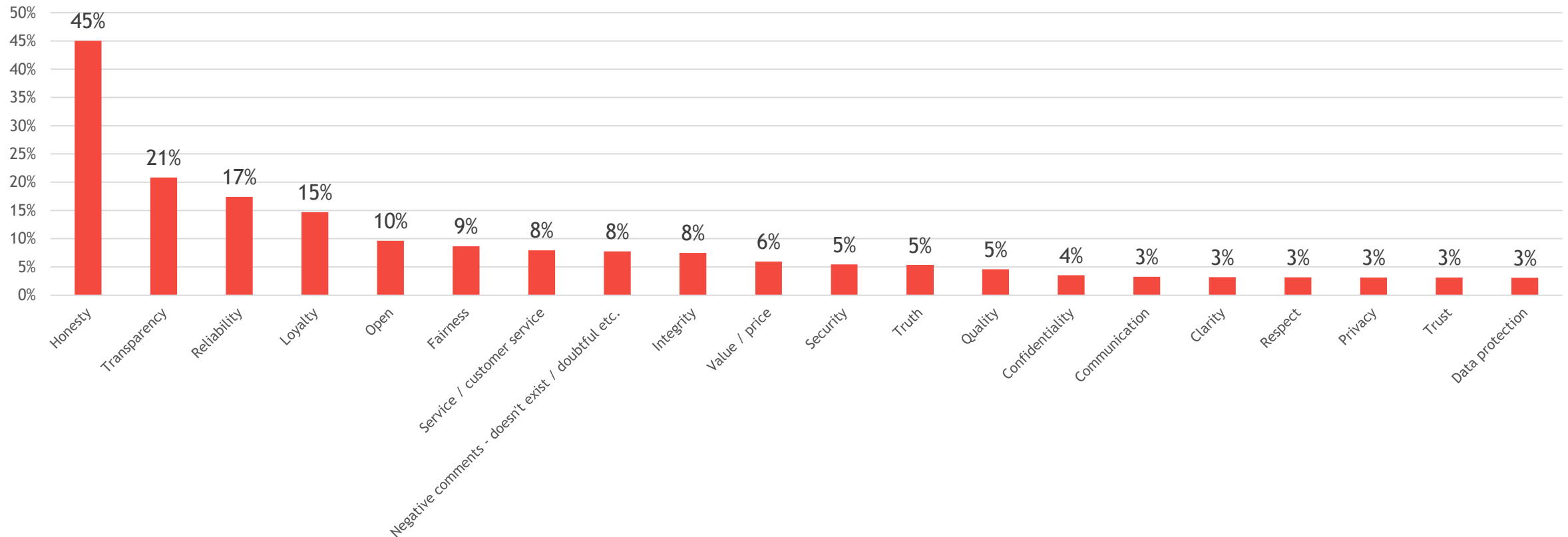


# — What is 'trust'

# The meaning of trust

By far the most common association with the meaning of corporate trust is the concept of honesty. This is followed by transparency, reliability and loyalty.

It is notable that significantly more 18 to 34 year olds associate trust with transparency (33%) compared to 35-54 year olds (20%) and people aged 55 and over (14%).



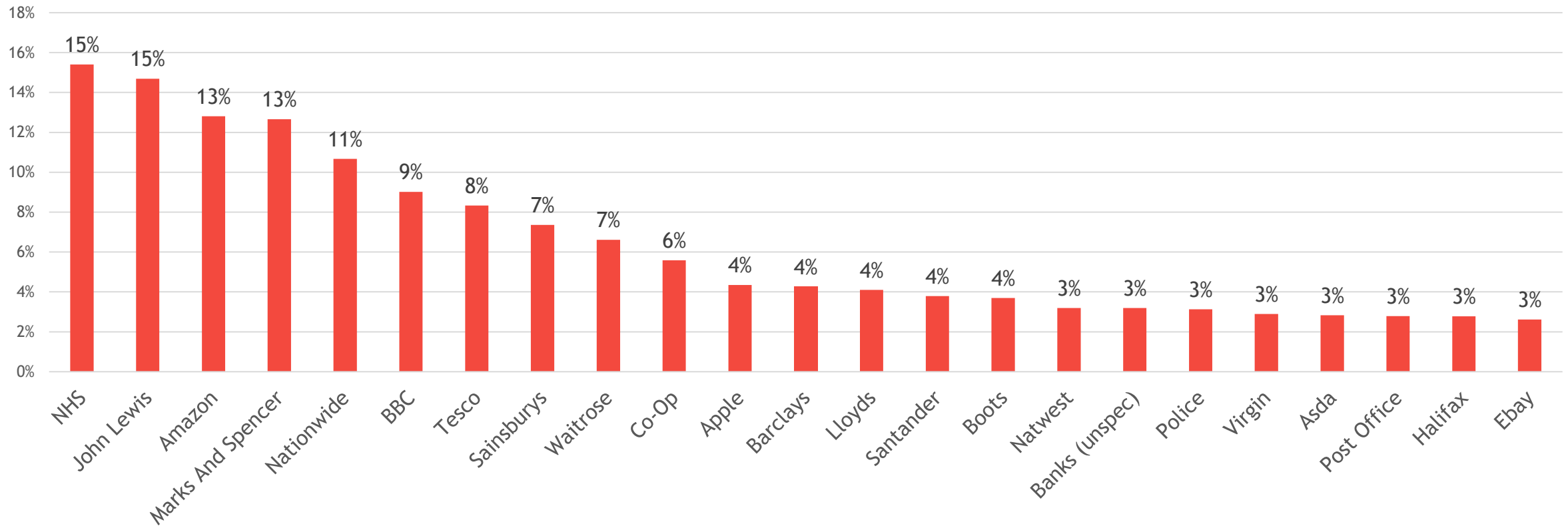
Coded from open ended responses. Don't knows removed from base. Answer categories <3% are not shown.

# Trusted companies



# Trusted companies/organisations: Unprompted selection

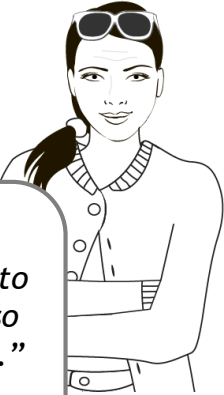
When asked to think of companies or organisations which people feel they trust, the NHS and John Lewis are ranked top. While Southern Water are not mentioned, this can be contextualised by the finding that no other utility company were cited other than British Gas (1%).



Coded from open ended responses. Don't knows removed from base. Answer categories <3% are not shown.

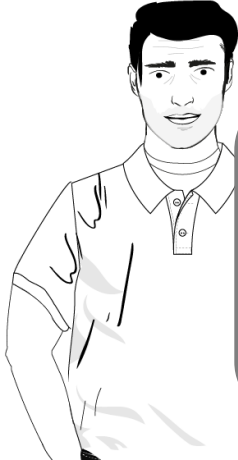
# Large companies are seen to have experience but lack strong customer focus

- When it comes to trust, there is a trade-off between company size/time in market and experience/customer focus - while larger companies are trusted to have expertise, smaller/less established companies rely on customers and are therefore trusted to be more 'customer focused'.
- Many participants say trust is particularly important where a company is providing a necessary service - public services such as the NHS are trusted for their altruistic motives, while financial services and utilities providers are seen as profit driven and are therefore less trusted.



*“Maybe not necessarily size, but newness to market - when you’re new you’re trying so much harder to get a good customer base.”*

*Female, Canterbury*



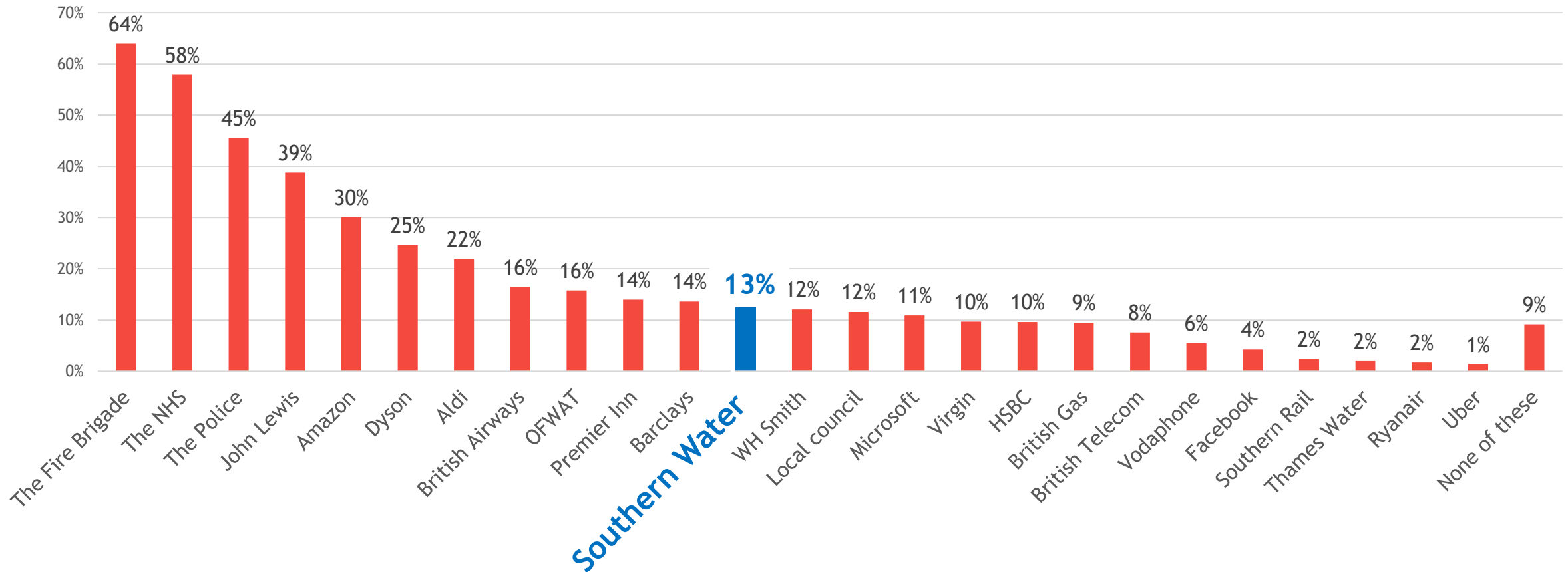
*“The bigger a brand is for me, the more I distrust it because they are powered by greed. They’re powered by money. They’re powered by power...I much prefer smaller things because they have those better intentions.”*

*Male, Canterbury*

# Trusted companies/organisations: Prompted selection

When provided with a list of different companies to select from, the most trusted is the Fire Brigade followed by the NHS.

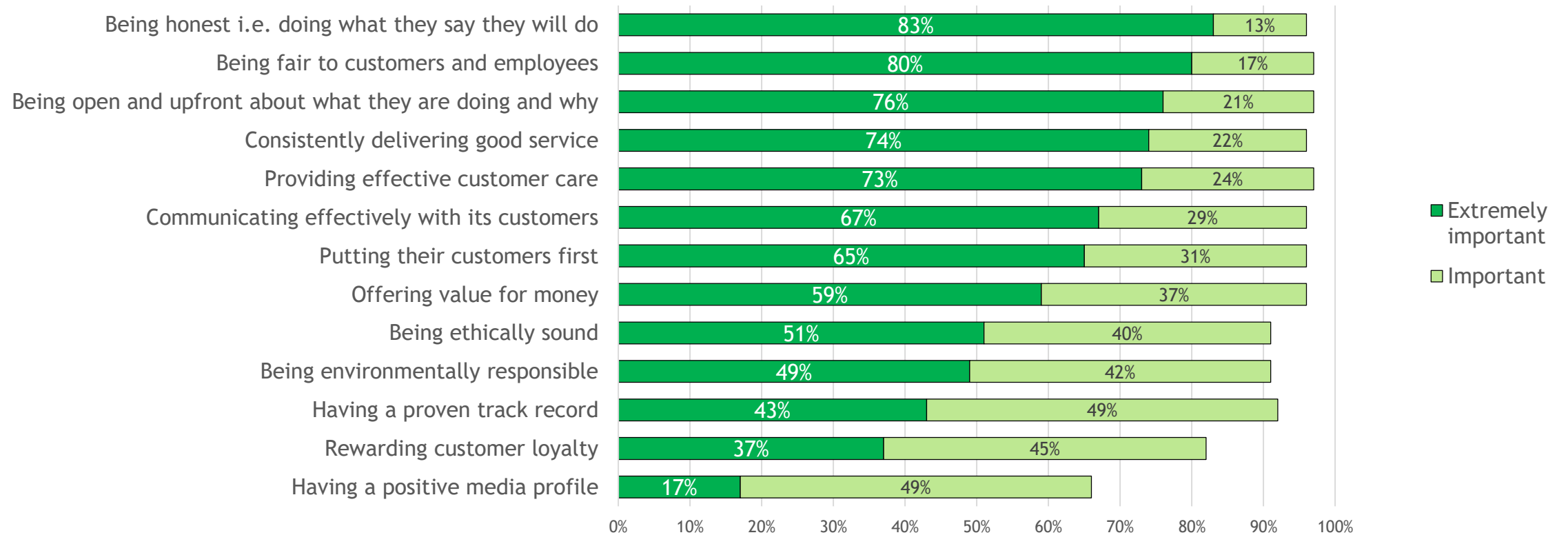
In contrast to the unprompted selection of trusted companies where Southern Water was not mentioned, SW ranks 12th in the prompted selection indicating that while not top of mind for this particular association, it is recognised as such when presented to people. There is no significant difference across gender, age range and social grade in the numbers who choose Southern Water.



# — Components of trust

# Drivers of trust [1]

With the arguable exception of positive media profile, all the other components tested can be considered important drivers of trust. Many of the customer care elements as well as those focused on honesty and fairness can be seen as critical in promoting trust between a company/organisation and its customers.



# Drivers of trust [2]

Certain sub segments display a higher affinity for specific drivers of trust. This is especially the case for gender with more women than men saying that specific elements are important in increasing trust levels.

## *Being ethically sound*

% who say 'extremely important'

- Male: 47%
- **Female: 55%**
- **18-34: 60%**
- 35-54: 48%
- 55+: 47%
- **ABC1: 55%**
- C2DE: 46%

## *Being environmentally responsible*

% who say 'extremely important'

- Male: 45%
- **Female: 52%**

## *Offering value for money*

% who say 'extremely important'

- 18-34: 50%
- 35-54: 57%
- **55+: 67%**
- **<£30k annual household income: 64%**
- £30k to £50k annual household income: 57%
- >50k annual household income: 52%

## *Communicating effectively with its customers*

% who say 'extremely important'

- Male: 64%
- **Female: 70%**

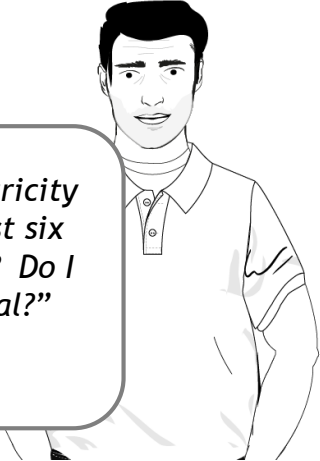
## *Providing effective customer care*

% who say 'extremely important'

- Male: 68%
- **Female: 77%**


# When it comes to trusting organisations, value for money is a good starting point

- Some participants say that they tend to trust organisations until they are given cause not to.
- When speaking about organisations more broadly, some say that value for money is key to their perception of an organisation - and sticking to the original deal is essential for that trust to be maintained.



*“Are they going to give your electricity or whatever as cheap for the first six months, and then raise the price? Do I trust them to give you a fair deal?”*

*Male, Canterbury*



*“I think our default is to trust people until something goes wrong...You don't think about, you know, ‘Am I going to get ripped off?’...You don't think about that until it happens.”*

*Female, Canterbury*

# Trust is built through experience, either personal or by proxy

- Many participants say that, although they trust organisations automatically to an extent, real trust is built through experience - reliable service, and positive feedback from others, contribute to a sense that an organisation is trustworthy.
- Participants say that following through on promises is a key driver of trust - many say that brand loyalty is less of a consideration; if they can get a better deal elsewhere then they are quick to move.

*"It comes back to doing what you say you will, and not doing what you say you won't."*

*Male, Southampton*

*"...you can do the comparison sites and you've got the freedom to be in control and say, actually, you're doing a bad job, I'm going to change."*

*Female, Southampton*

*"Before you buy it you go and look and see what other people have said about it first, and then if it's all got one stars or zero stars, I think I'll avoid that."*


*Female, Canterbury*






# Customer service is key to nurturing trust, especially when problems arise

- Customer service plays a key part in building and maintaining trust - participants want to see companies putting the customer first, by listening to their feedback and acting on it.
- Many say that, when things go wrong, customer service can make or break their trust - where problems are treated seriously and resolved efficiently, participants say that their trust in the organisation remains intact.
- A majority of participants agree that issues are to be expected from time to time - what is important is the willingness of the organisation to admit fault and be open and honest about finding a solution.



*"I have more trust in an organisation that mess something up - but if they then say we're really sorry, we completely realise we messed up, here's what we're going to do to make it better to fix it, and they actually stick to it - well then I have a higher level of trust than before."*

Female, Southampton



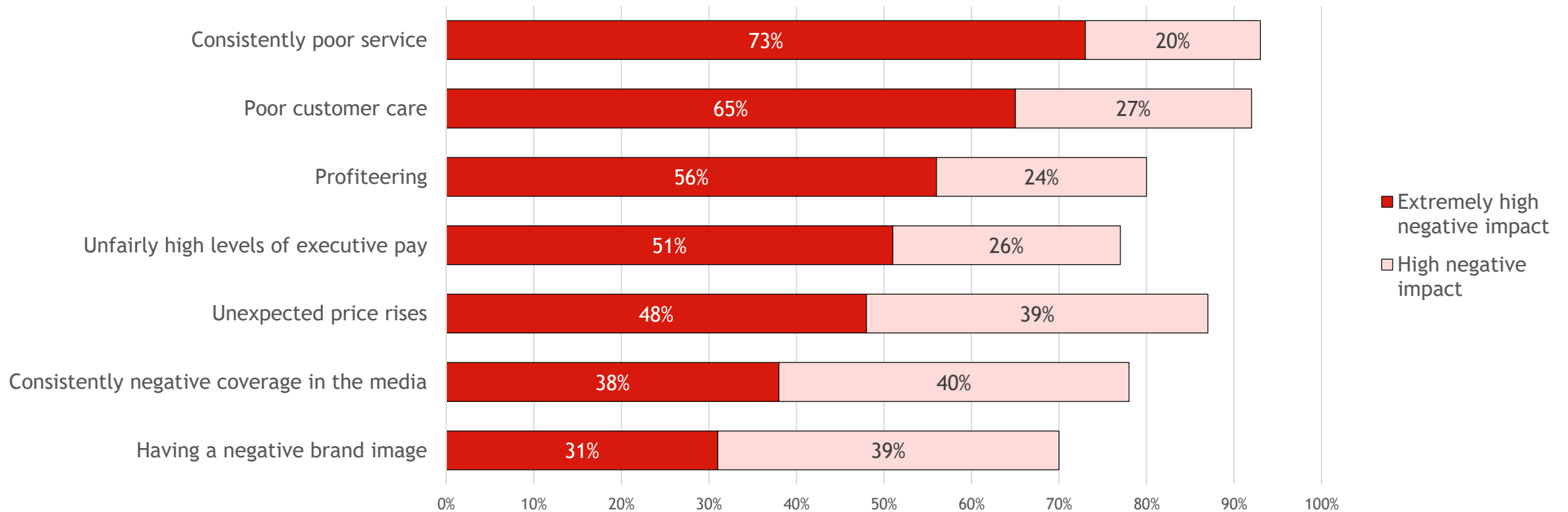
*"...the brand doesn't always get tainted when something goes wrong. Things break. It's how they deal with it when it goes wrong."*

Male, Canterbury

# Factors which negatively impact trust [1]

The majority consider ‘consistently poor service’, ‘poor customer care’, ‘profiteering’ and ‘unfairly high levels of executive pay’ as having a highly negative impact on the levels of trust of a company/organisation.

Whilst having a negative brand image is seen as the least impactful element tested, it is still seen as having a high/extremely high impact by the large majority (70%).



# Trust is easily lost, and is difficult to restore

- Initially, trust in organisations is more about giving them the benefit of the doubt - once trust is lost, customers say it is difficult to win it back, especially when there is the option to shop around.
- Loss of trust is enduring - participants give examples of historic issues that still impact their trust in certain organisations to the present day.
- Participants commonly cite inefficient responses to problems and unexplained price rises as turn-offs - but perceptions can also be influenced by others' poor experiences.



*"You know, it takes a long time to build up, but it's very quickly destroyed."*

*Female, Canterbury*



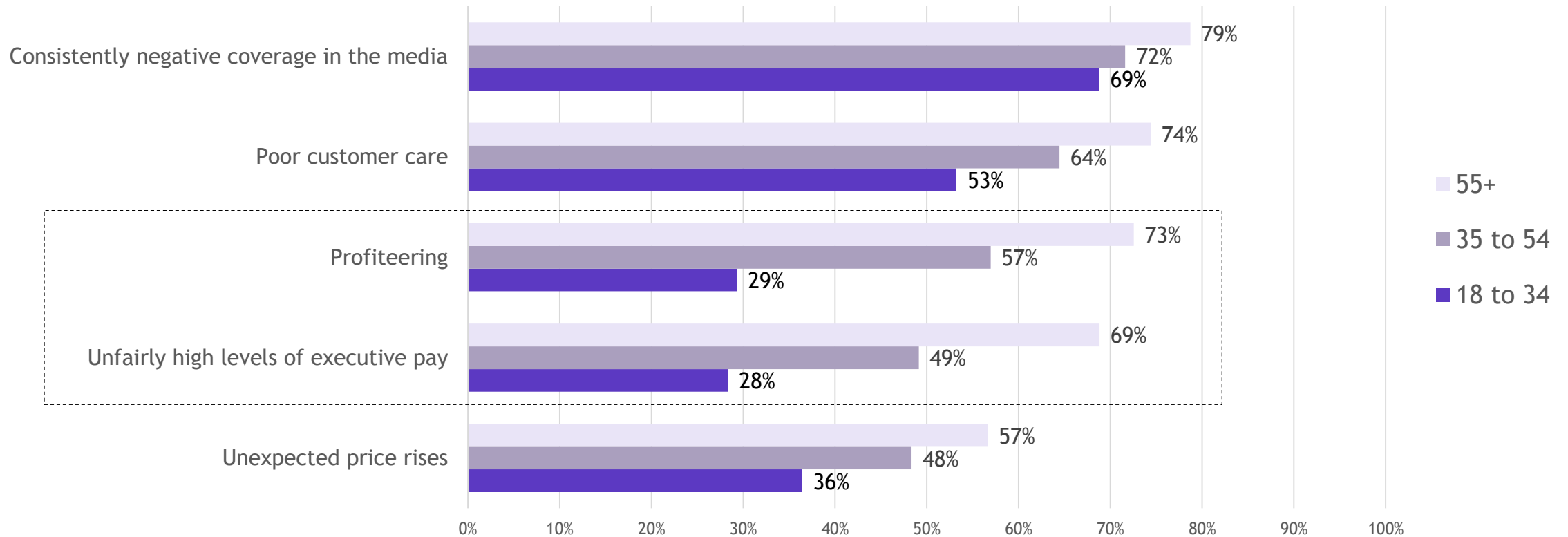
*"Something goes wrong, we try and get the problem resolved and it doesn't get resolved...there's no way I'm going anywhere near that company anymore, because having been patient about waiting for it to be sorted out, it hasn't been sorted out."*

*Male, Canterbury*

# Factors which negatively impact trust [2]

With the exception of 'negative brand image' and 'consistently poor customer service', all the other negative drivers of trust have a significantly larger impact among older age groups. This is especially the case among the financially focused elements of 'profiteering' and 'unfairly high levels of executive pay'.

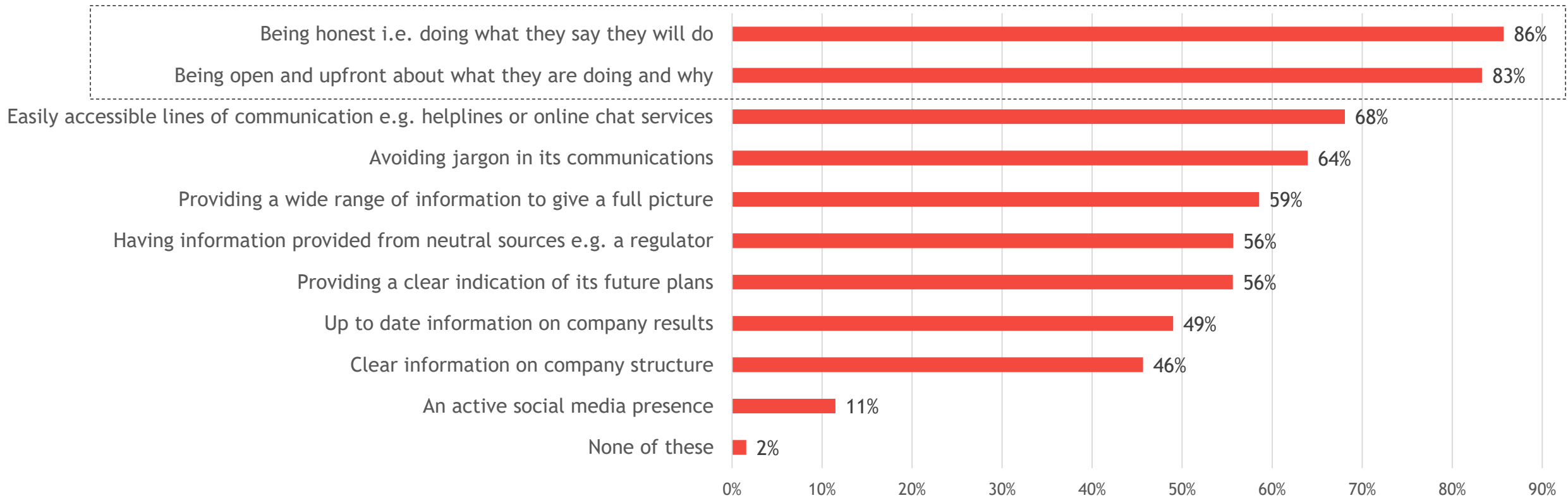
% who say 'has an extremely negative impact on trust'



# — Transparency

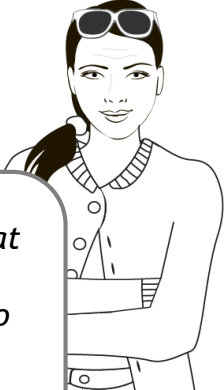
# Actions important in providing transparency

The two most important actions in helping promote corporate transparency are 'being honest' and 'being open and upfront about what the company/organisation is doing and why'. Honesty is valued even higher among the older age group with 92% of those aged over 55 agreeing to this. Additionally, women are significantly more likely to consider that 'being open', 'easily accessible lines of communication' and 'up to date company information' are important elements in promoting transparency.




# Transparency is valued, particularly where changes affect customers negatively

- Transparency is a key foundation of trust. Participants say they can make peace with issues if they have the right information - many want to know *why* problems or changes occur.
- Participants feel that information should be customer centred - it should be relevant to them and presented in their 'own language' and were quick to highlight that information is only transparent if it is understood by the intended audience. Corporate jargon and complex statistics can seem deliberately opaque rather than transparent, and have a negative impact on trust.
- Participants say they want the whole truth - partial transparency can come across as an attempt to hide contentious information and manipulate customer opinion.



*“Simpletons terms - and I don’t mean that rudely. Just talk to me as a normal person...just normal chit-chat, explain to me what’s going on.”*

*Female, Canterbury*

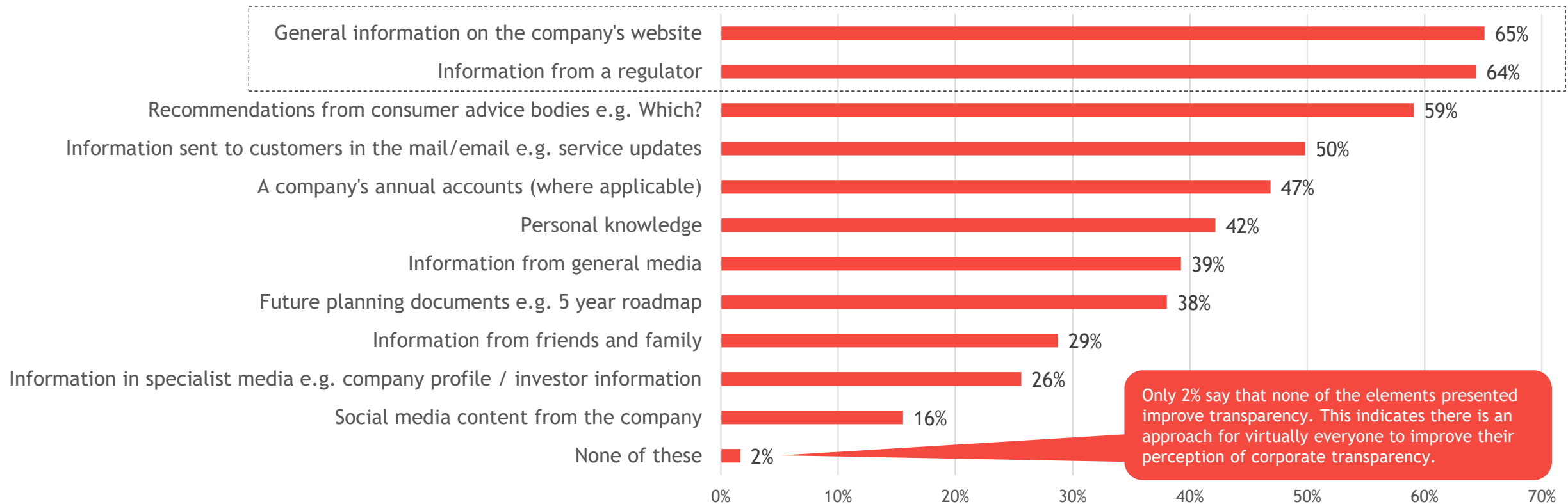


*“I’d just rather they were honest rather than lie about it. It’s not always what people want to hear, but it’s better to have the truth than it is to live your life in this false world.”*

*Male, Canterbury*

# Sources of information important in providing transparency [1]

The two most commonly selected sources of information which are considered important in providing transparency are general information on the company's website (65%) and information from a regulator (64%). Recommendations from a consumer advice body and information sent to customers are also thought of as important by the majority. In contrast, relatively few people value social media content from the company for this purpose.





# Sources of information important in providing transparency [2]

Different sources of information are selected more commonly by specific sub groups. It is especially noticeable that significantly more younger people think 'future planning documents' are important sources which help improve transparency.

*Information sent to customers in the mail / email e.g. service updates*

- Male: 46%
- **Female: 54%**
- 18-34: 44%
- 35-54: 48%
- **55+: 55%**

*Future planning documents e.g. 5 year roadmap*

- **18-34: 44%**
- 35-54: 38%
- 55+: 34%

*Social media content from the company*

- **18-34: 24%**
- 35-54: 14%
- 55+: 12%

*Recommendations from consumer advice bodies e.g. Which?*

- 18-34: 55%
- 35-54: 55%
- **55+: 67%**

*Personal knowledge*


- 18-34: 32%
- 35-54: 40%
- **55+: 51%**

*Information from friends and family*

- 18-34: 23%
- 35-54: 28%
- **55+: 34%**


# Third party endorsement is easier to trust than internal PR

- Many participants say they have an inherent lack of trust in communications from within an organisation - internally constructed statements are taken with a pinch of salt and are assumed to paint an overly positive picture.
- Conversely, statements from third parties - such as a regulator, friends and family, or even other customer reviews - are more easily trusted and go further in shaping participants' opinions.



*“The thing is though that you tend to trust the opinion of a friend or another trusted person in your life, if they say, ‘I trust that mechanic. He’s never ripped me off,’ I would go there take a look.”*

*Female, Canterbury*

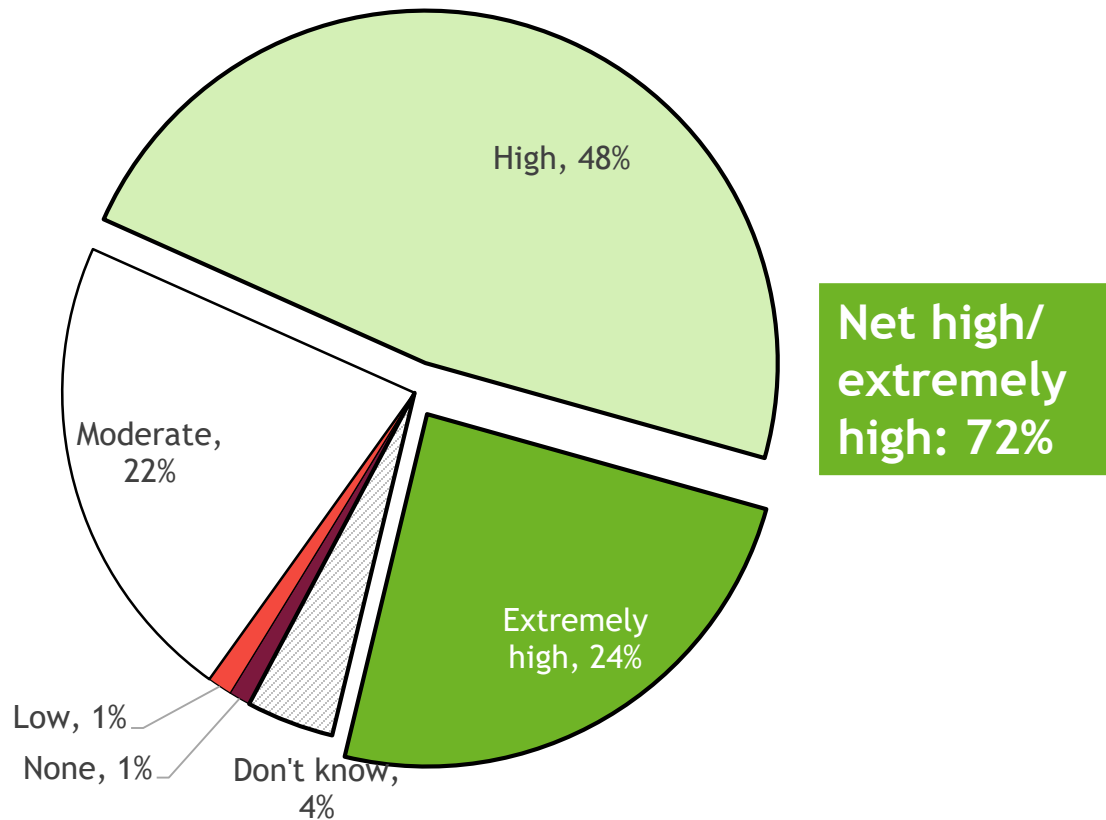


*“Do you believe it? They might send you a letter, you chuck it in the bin, they send you an email, you delete it. You don’t believe them. You just think ‘oh, more crap’ and throw it in the bin.”*

*Female, Southampton*

# Effect of transparency on trust

Transparency has a profound effect on trust with almost three quarters of people stating it has either a high or extremely high impact. This bears out the top of mind association with trust where transparency ranks second overall.



People aged 55 and over are significantly more likely to say that transparency has an extremely high effect on trust compared to other age groups:

% who said extremely high:

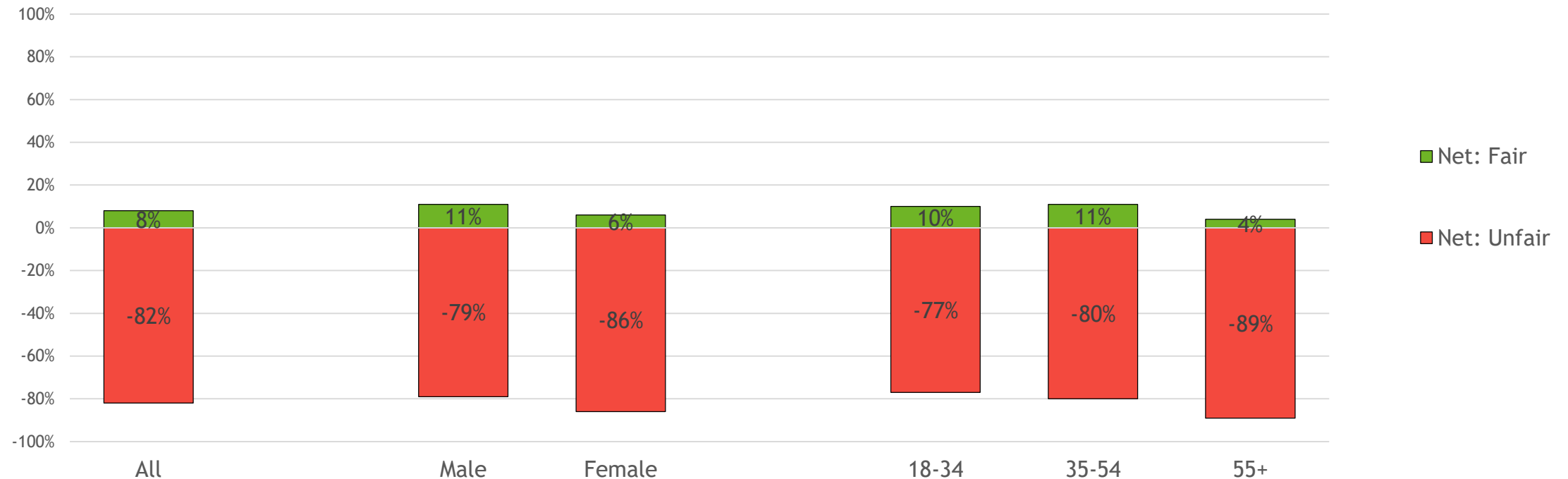
- 18-34: 20%
- 35-54: 23%
- **55+: 28%**

# Executive pay

# Impact of the pay gap on perceived fairness

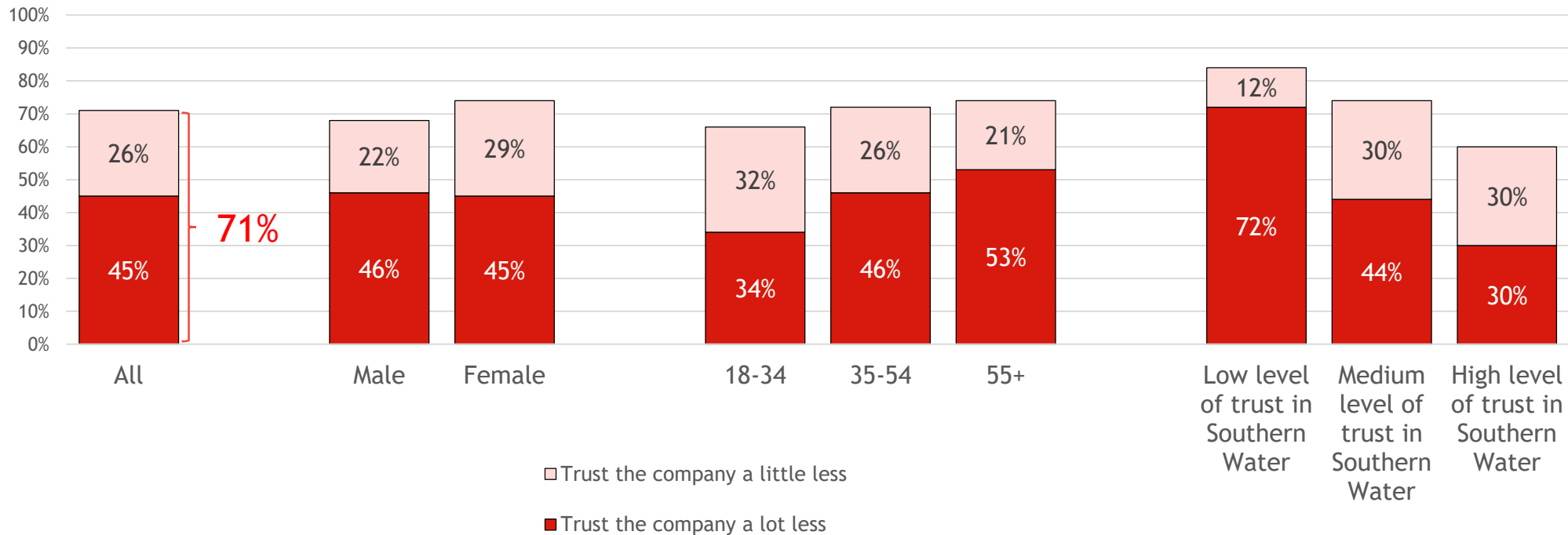
The large majority of people surveyed consider the gap between the average UK level of pay and that of a CEO in the water industry to be unfair (82%). This is especially the case among females and people aged 55 and older.

Perceptions of fairness of the gap between average UK pay and the average level of pay for a CEO in the Water industry



# Effect of the pay gap on trust

When the scale of the gap between average CEO pay (in the water industry) and the UK national average wage is illustrated, the large majority of people (71%) say that this would have a detrimental effect on their level of trust. Within this segment, just under half (45%) say this would make them trust the company in question a *lot* less. This perception is most pronounced in older people.



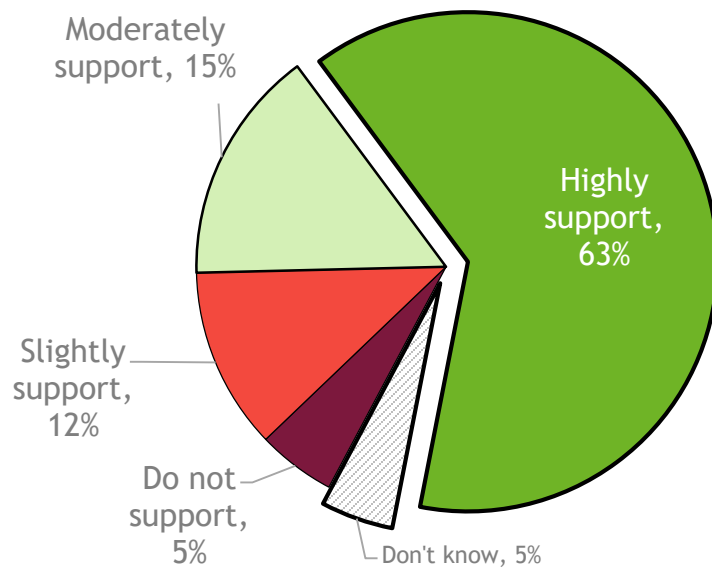
While corporate pay may not be directly correlated to the level to which people trust SW, it can be observed that those who trust SW less are more sensitive to this issue compared to those who have a high level of trust in SW.

# Effect of publishing details on employee pay

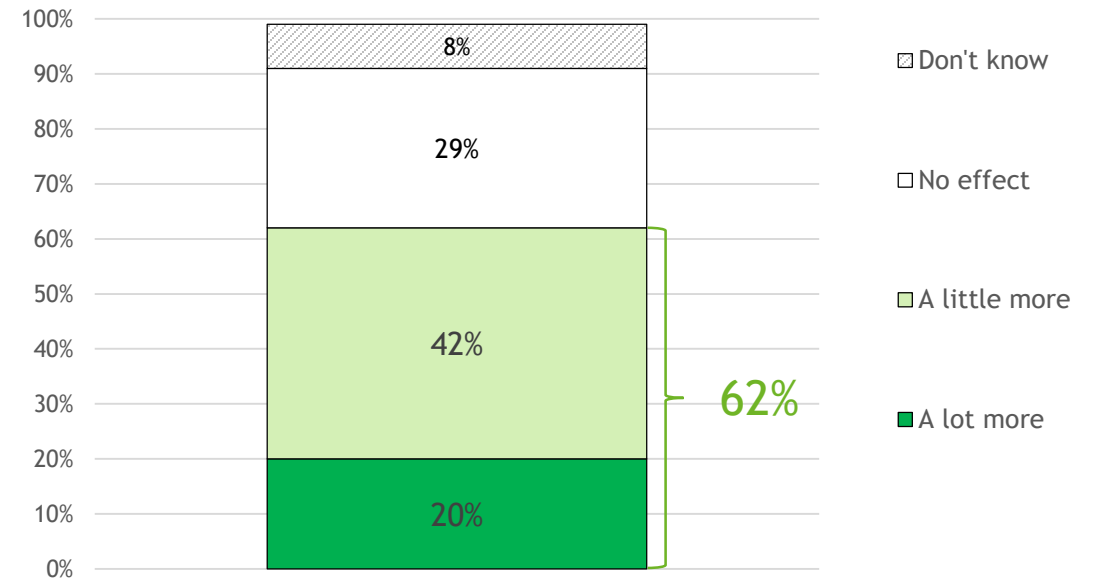
Almost two thirds of people surveyed (63%) are highly supportive of a law which would require all companies/organisations to publish the pay gap between the highest paid member of staff and their average employee.

Roughly the same proportion (62%) said that if such a law was enacted, it would have a positive impact on trust with 20% saying it would increase their trust a lot more than at present.

Support for regulation which would require all companies/organisations to publish the pay gap between the highest paid member of staff and their average employee



Impact on trust if a law was passed requiring all companies/organisations to publish the pay gap between the highest paid member of staff and their average employee



# Executive pay can influence trust in theory, but some say this is not the case in practice



- For some participants, executive pay **does** influence trust - not only can high or disproportionate executive pay present an organisation as unethical in terms of treatment of staff, it may also convey an ethos of profiteering rather than valuing the customer.

*“They had a rule about the highest paid person couldn’t be paid more than seven times the lowest paid person and the company...you trust in their motivations being on the right side.”*

*Female, Canterbury*

- However, some say that the issue of pay is not important to them, and in the grand scheme, value for money and effective customer service outweigh any concerns over executive pay.



*“I don’t know, do you think it matters to me that much how your organisation pay is structured in order for me to give you my retail business. Maybe, if I were an incredibly ethical person...but if I haven’t got time to faff around with identifying which company is the most ethical and transparent, I think pure customer experience would do it for me.”*

*Female, Southampton*



Section 2:

Southern  
Water focus

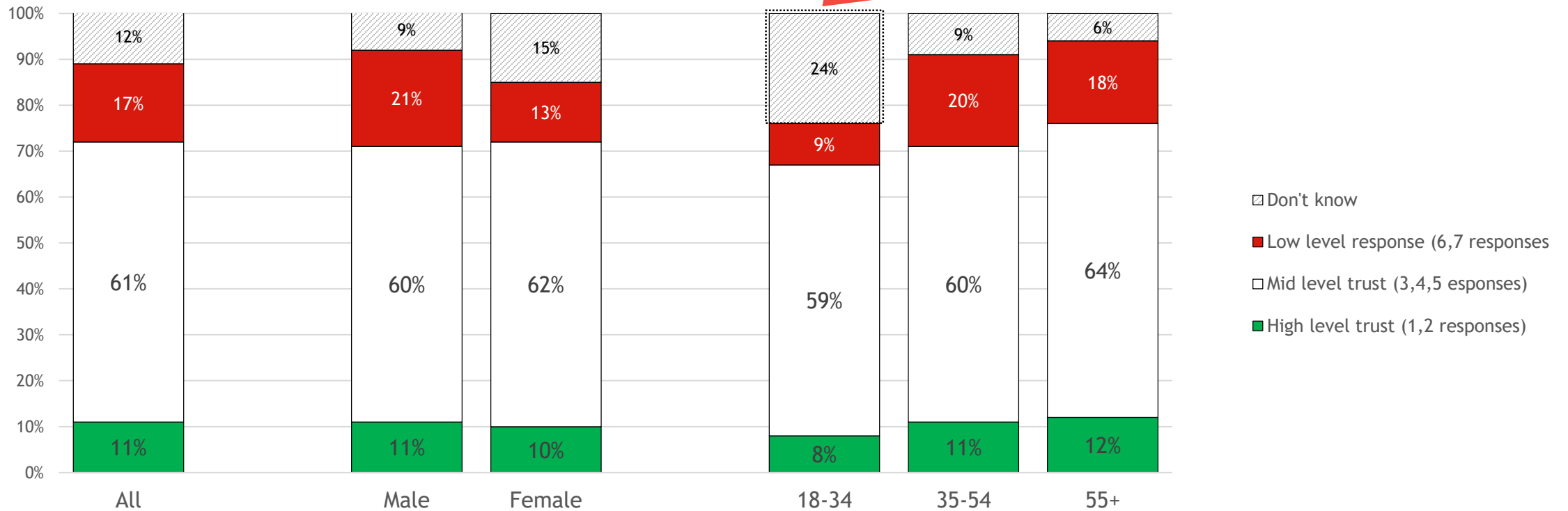


# Trust in Southern Water

# Overall trust

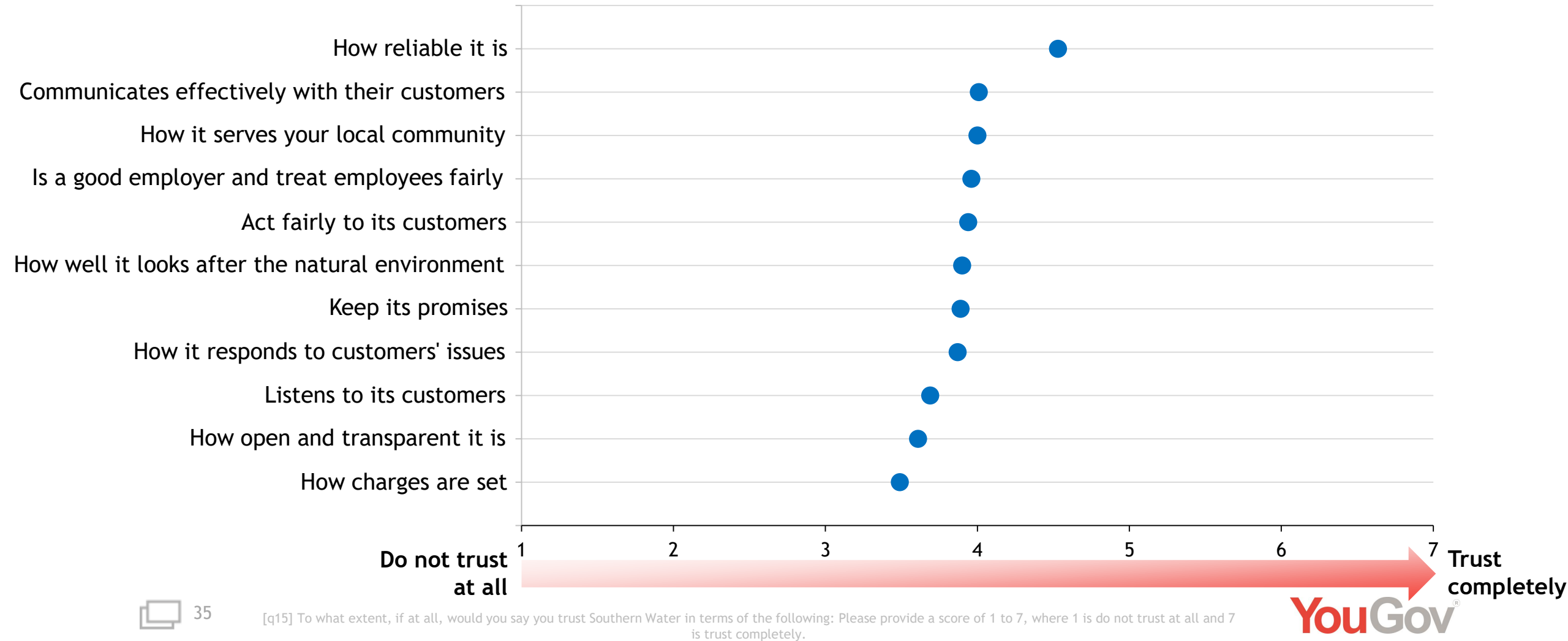
The majority of those surveyed display a medium level of trust in Southern Water (61%). In contrast, 11% say they have a high level of trust while 17% state they have a low level of trust in the company. Lower levels of trust is more common among males (21%) and those aged over 34 years old.

The youngest age bracket displays a significantly higher proportion of people who say they 'don't know' about their level of trust towards Southern Water.



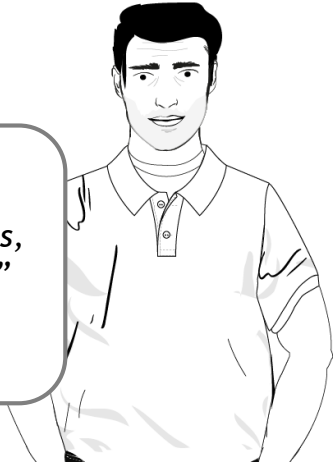
# Trust in areas of service and operation

Reliability is the area where Southern Water is trusted the most. In contrast, the way in which charges are set is the area where Southern Water is trusted least.




# Participants say Southern Water are competent, but know little about performance in other areas

- Many see Southern Water as competent - ultimately participants say they are provided with clean, safe, drinkable water on an ongoing basis; competence is not linked to cost here but is based on provision of a reliable service where any issues are resolved efficiently.
- When it comes to Southern Water, many participants see trust as irrelevant - they cannot choose their water supplier and so do not naturally appraise Southern Water in this way.
- The lack of comparability is an important consideration - customers have no means of comparing Southern Water with other water companies, which means that they trust the organisation (though by no means highly) in the absence of any reason not to.



*“Okay; they provide clean, safe, drinkable water and on a regular basis, without interruption to the service.”*

*Male, Canterbury*

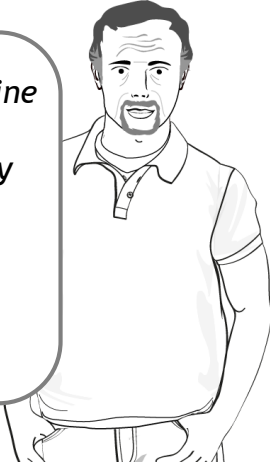


*“To be honest I’m a bit removed (Southern Water) unless it goes wrong.”*

*Female, Southampton*


# Southern Water's position as a monopoly brings scepticism over customer focus

- Southern Water's position as a monopoly means that some participants do not trust Southern Water to act in their interest, as they do not need to compete for their custom.
- A majority of participants perceive Southern Water's main goal to be providing profit for its shareholders; some say this should not be the case and speculate about the efficacy of the regulation systems in place.



*"It is expensive, it's down to that bottom line of shareholders. Now they're private companies, it's all about how much money you're lining into shareholders' pockets rather than reinvestment in newer technologies."*

*Male, Canterbury*



*"I find it very difficult to trust a monopoly. I have no choice about where I get my water from, how much I pay for it, I have no say in how they operate the company or what their reason to exist is other than making profit. They're a private company effectively who are operating to make profit for its shareholders."*

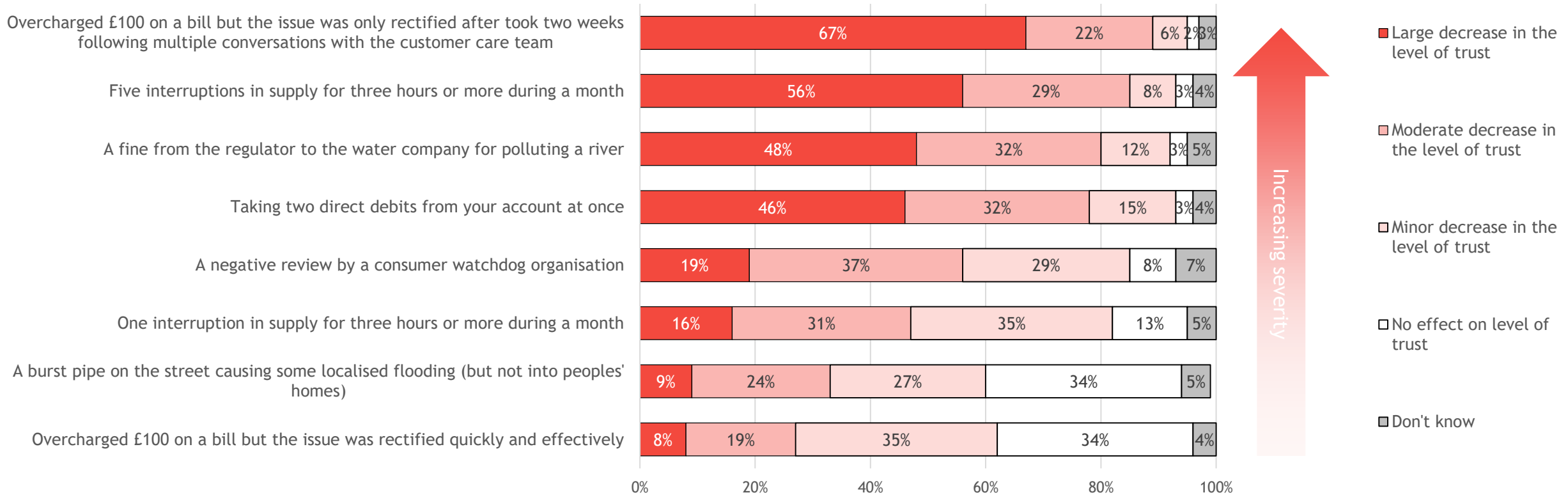
*Male, Southampton*

# — Adverse events

# Impact of adverse events on trust

Out of the scenarios tested, being overcharged and also experiencing poor customer service ranks highest as having a negative impact on trust. Conversely, being overcharged but having the situation rectified quickly and efficiently ranks as the least impactful upon trust.


This serves to reinforce the importance of customer care in the trust dynamic. Good customer care in general is seen as a prominent driver of trust while poor customer care has a highly negative impact upon trust levels (see pages 13 & 15).





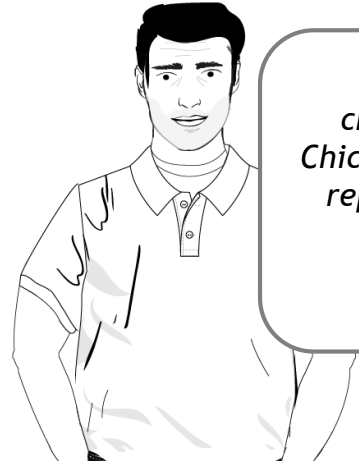
# When something goes wrong, participants are quick to see Southern Water in a negative light

- Some participants say that where they have experienced issues with Southern Water their opinion has become more negative.
- Common issues include unfixed or recurring leaks and unwanted installation of water meters. Others have experienced issues with payments going up or being charged for services they do not receive.
- In some cases, second hand information has had a negative impact on participants perceptions.



*“At the moment they’ve messed my direct debit up, they put it up without telling me and I rang up and they said well we can’t do anything about that now and they won’t do anything. I just don’t trust them now.”*

*Female, Southampton*



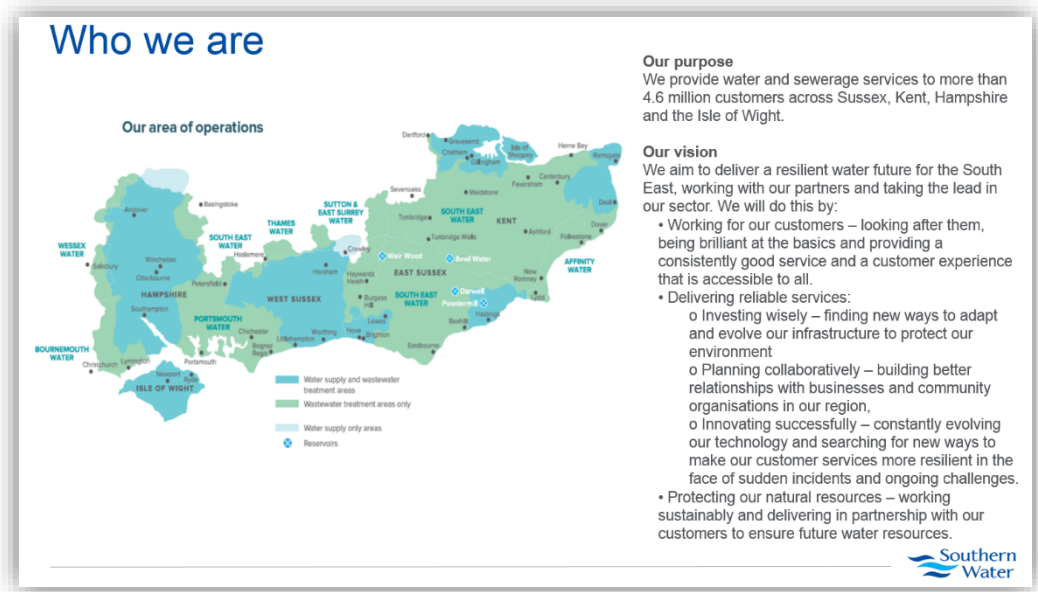
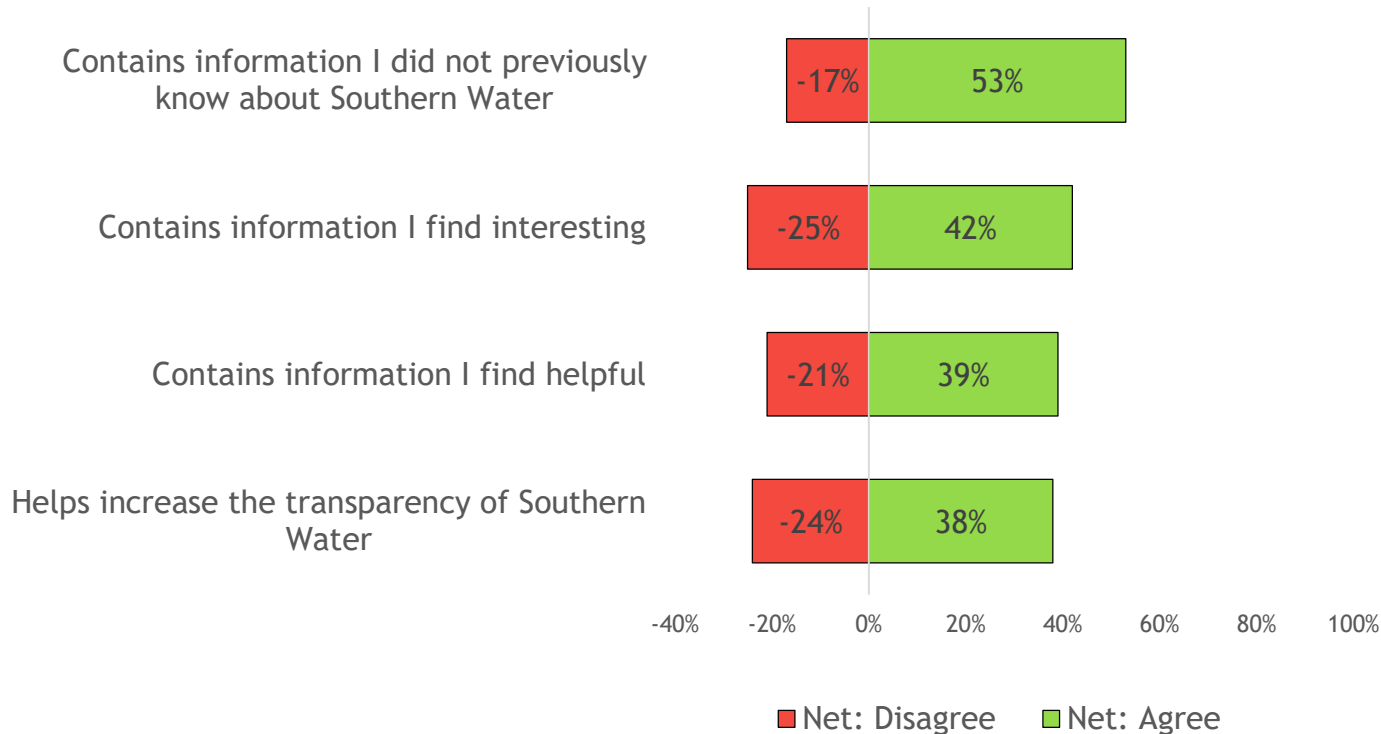
*“Southern Water have lost a lot of credibility with me with the affairs in Chichester over the last few years. They’ve repeatedly had flood problems and very little was done about it.”*

*Male, Southampton*

# — Image testing - quantitative

# Image 1: Who are we?

The first image contained a wide range of background detail about Southern Water and its operations. The majority (53%) said that it contained information that was not previously known. More people agreed than disagreed that they found it a) interesting, b) helpful and c) helped increase transparency.



Younger people found the image particularly informative.

% who agreed that the image contained information not previously known about SW:

- 18-34: 66%
- 35-54: 50%
- 55+: 48%

# Image 1: Who are we? Image mapping

**Negative impact:** The word ‘brilliant’ stands out as having a negative impact on transparency. This could be because of a level of ambiguity or even colloquialism associated with its use. The middle bullet points were selected as having both a negative and positive impact indicating a level of haziness in the mind of the audience.

**Positive impact:** The last paragraph, especially the phrase ‘protecting our natural resources’ resonated well. The introductory paragraph which contains very simple to understand, factual information was also picked out as helping improve transparency.

Areas which have a **negative** impact on transparency

**Who we are**

**Our area of operations**

**Our purpose**  
We provide water and sewerage services to more than 4.6 million customers across Sussex, Kent, Hampshire and the Isle of Wight.

**Our vision**  
We aim to deliver a resilient water future for the South East, working with our partners and taking the lead in our sector. We will do this by:

- Working for our customers – looking after them, **being brilliant** at the basics and providing a consistently good service and a customer experience that is accessible to all.
- Delivering reliable services:
  - Investing wisely – finding new ways to adapt and evolve our infrastructure to protect our environment
  - Planning collaboratively – building better relationships with businesses and community organisations in our region,
  - Innovating successfully – constantly evolving our technology and searching for new ways to make our customer services more resilient in the face of sudden incidents and ongoing challenges.
- Protecting our natural resources – working sustainably and delivering in partnership with our customers to ensure future water resources.

Southern Water

Not Selected

Most Selected



43

[q30b\_new] Please select the images or words that you feel have a positive impact and/or those which have a negative impact on Southern Water's level of transparency. You can do this by clicking and dragging a selection box around them. It starts on 'positive impact' but you can change to 'negative impact' by clicking the appropriate box at the top of the image.

Areas which have a **positive** impact on transparency

**Who we are**

**Our area of operations**

**Our purpose**  
We provide water and sewerage services to more than 4.6 million customers across Sussex, Kent, Hampshire and the Isle of Wight.

**Our vision**  
We aim to deliver a resilient water future for the South East, working with our partners and taking the lead in our sector. We will do this by:

- Working for our customers – looking after them, being brilliant at the basics and providing a consistently good service and a customer experience that is accessible to all.
- Delivering reliable services:
  - Investing wisely – finding new ways to adapt and evolve our infrastructure to protect our environment
  - Planning collaboratively – building better relationships with businesses and community organisations in our region,
  - Innovating successfully – constantly evolving our technology and searching for new ways to make our customer services more resilient in the face of sudden incidents and ongoing challenges.
- Protecting our natural resources – working sustainably and delivering in partnership with our customers to ensure future water resources.

Southern Water

Not Selected

Most Selected




# Image 1: Who are we? Impact on trust

Overall 19% said the image increased their level of trust in Southern Water while only 3% said it decreased this perception.

Among those with a low existing level of trust in Southern Water, the effect was fairly neutral. However among those holding a medium level of trust, more people said it helped increase their trust level (17%) than decreased it (3%). Predictably, effectiveness was highest among those with a high level of trust in SW.

### Who we are




Our area of operations

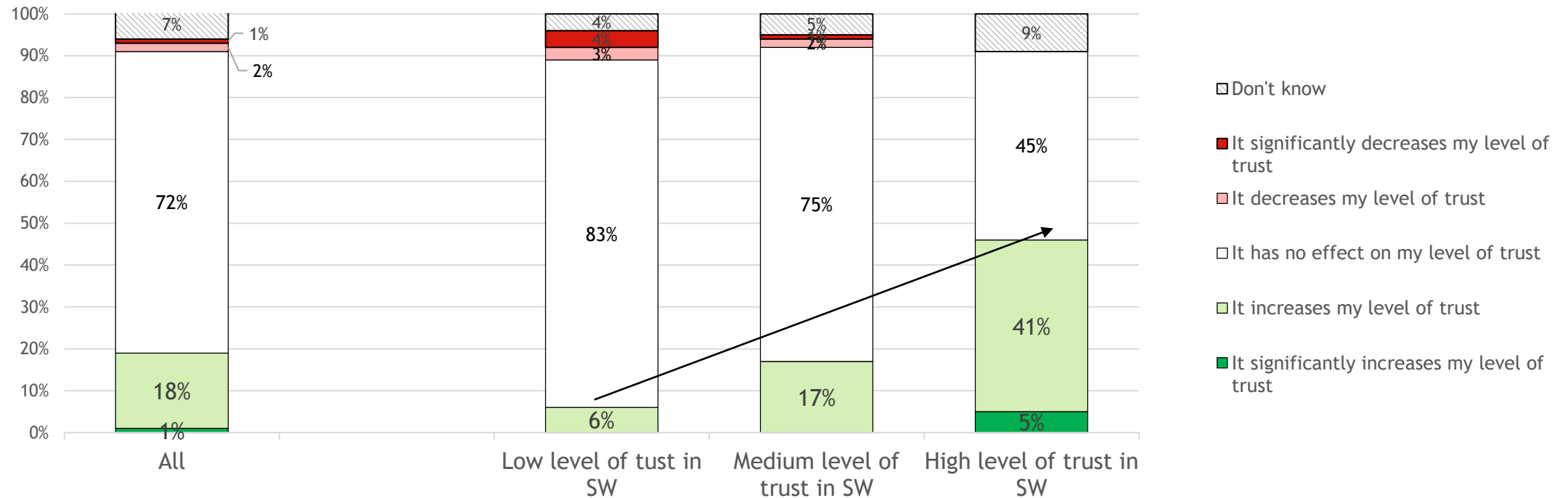
- Water supply and wastewater treatment areas
- Wastewater treatment areas only
- Water supply only areas
- Reservoirs

**Our purpose**  
We provide water and sewerage services to more than 4.6 million customers across Sussex, Kent, Hampshire and the Isle of Wight.

**Our vision**  
We aim to deliver a resilient water future for the South East, working with our partners and taking the lead in our sector. We will do this by:

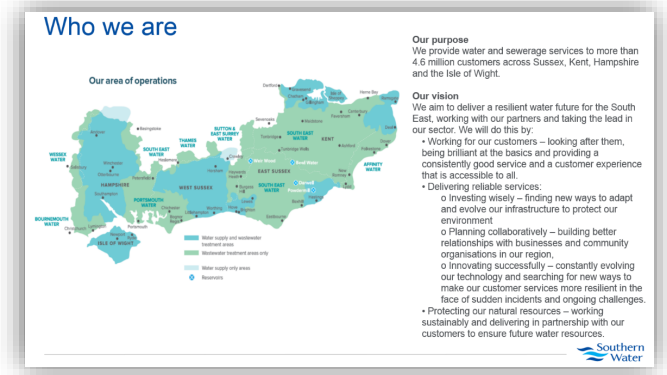
- Working for our customers – looking after them, being brilliant at the basics and providing a consistently good service and a customer experience that is accessible to all.
- Delivering reliable services:
  - o Investing wisely – finding new ways to adapt and evolve our infrastructure to protect our environment
  - o Planning collaboratively – building better relationships with businesses and community organisations in our region,
  - o Innovating successfully – constantly evolving our technology and searching for new ways to make our customer services more resilient in the face of sudden incidents and ongoing challenges.
- Protecting our natural resources – working sustainably and delivering in partnership with our customers to ensure future water resources.



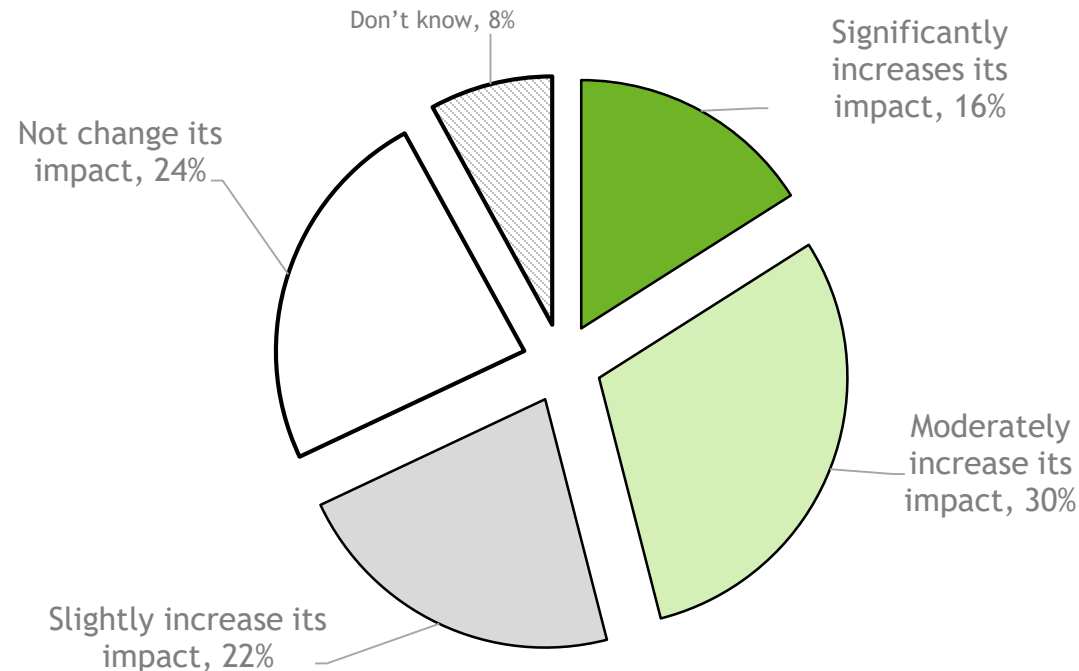


# Image 1: Who are we? Effect of verification

If the image were to state that the information had been verified by a trustworthy, independent organisation e.g. a regulator, just under 2 in 10 (16%) said that this would significantly increase its impact. A further 3 in 10 said this would moderately increase its impact.

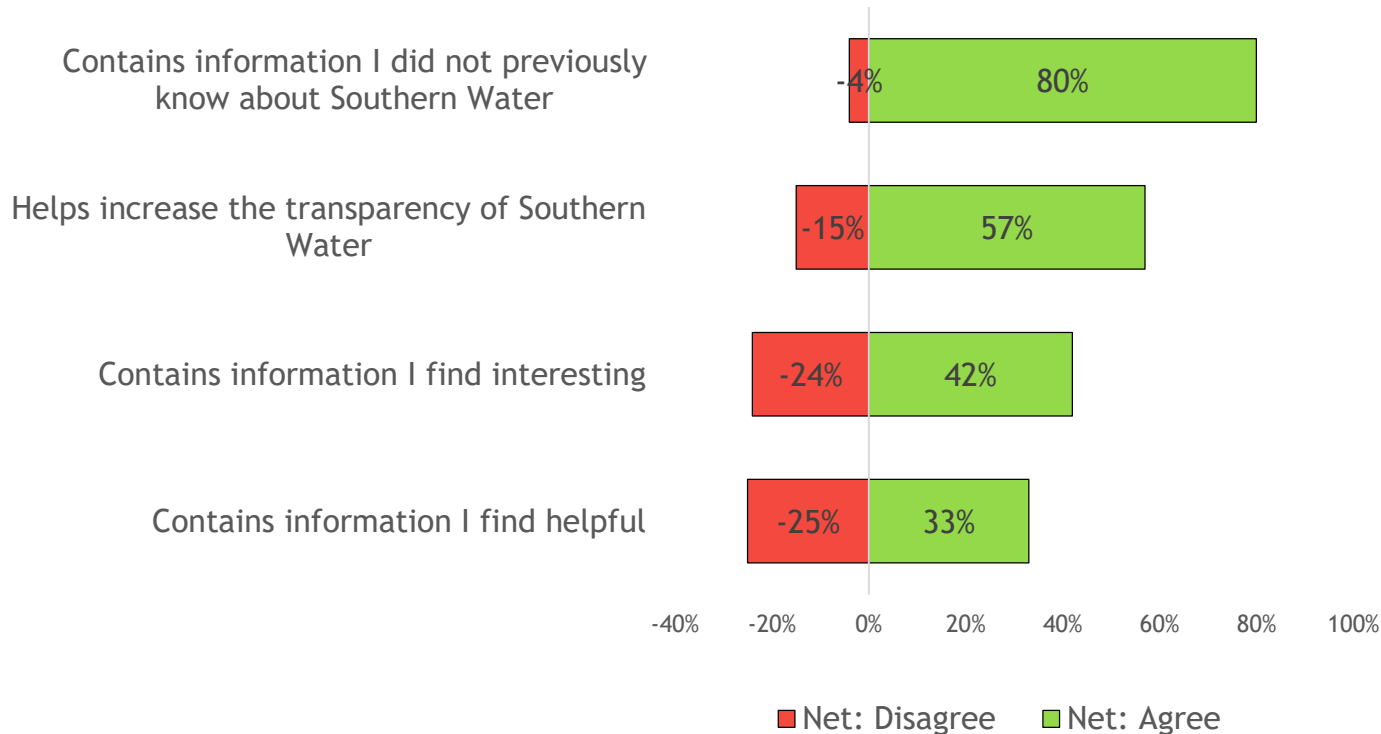
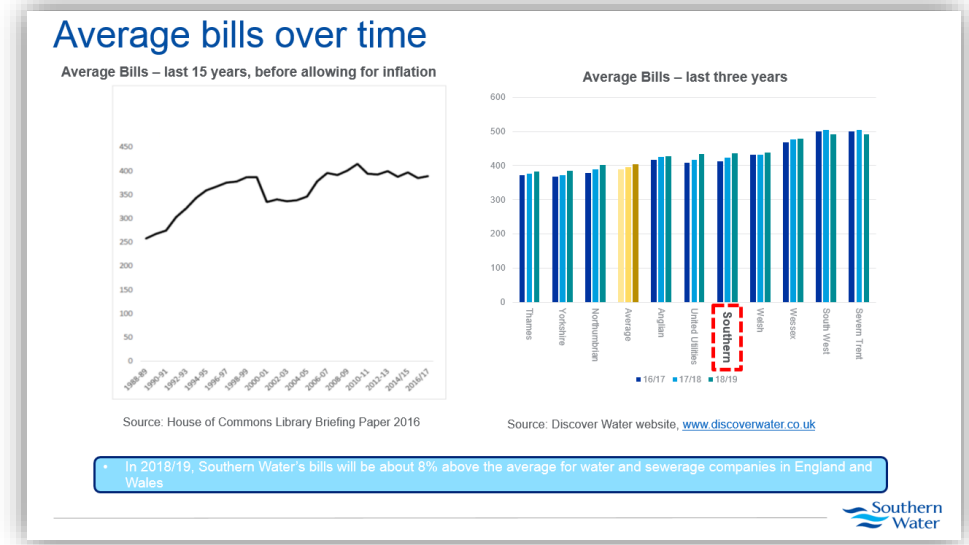


Effect on impact if the information contained evidence that it had been verified by a trustworthy, independent organisation such as a regulator



# Image 2: Average bills

Image 2 showed historical and comparative information on billing. Eighty per cent said the image contained information previously not known about Southern Water. The majority (57%) also said that it helped increase Southern Water's transparency.



Even among those with a low level of trust in Southern Water, almost a third (31%) said that the image helped increase transparency - a key component in building trust.

# Image 2: Average bills

## Image mapping

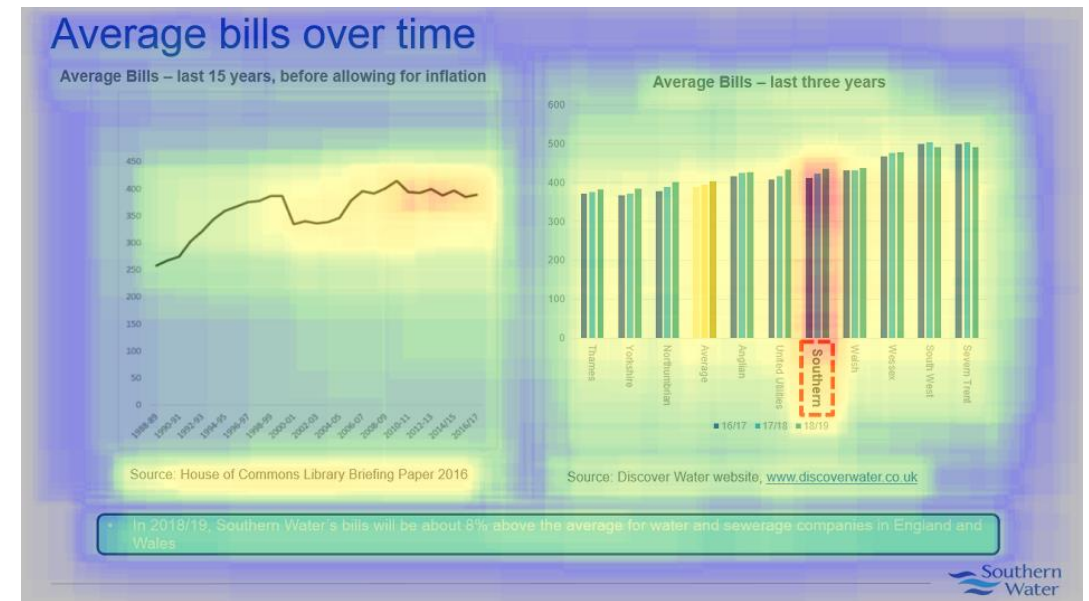
**Negative impact:** The area of the image which stands out as being selected as a negative impact on transparency is the text stating that Southern Water's bills will be '8% above the average'. However in this instance, it is possible that respondents were choosing a negative overall effect rather than specifically focusing on transparency as the information highlighted is relatively explicit and unambiguous. It can also be seen that the SW area of the graph is also highlighted which again suggests a more general reaction rather than one specific to transparency.

**Positive impact:** The areas selected as having a positive impact are likely to be more aligned with the specific effect on transparency. The most highlighted area is the SW detail in the bar chart as well as the most recent average bill information in the line graph. These areas relate to relatively explicit and current information. Additionally, it can be seen that a large part of the image was selected to at least a moderate degree in terms of improving transparency reinforcing the finding that the majority (57%) of people agreed with this sentiment.

Areas which have a **negative** impact on transparency



Areas which have a **positive** impact on transparency

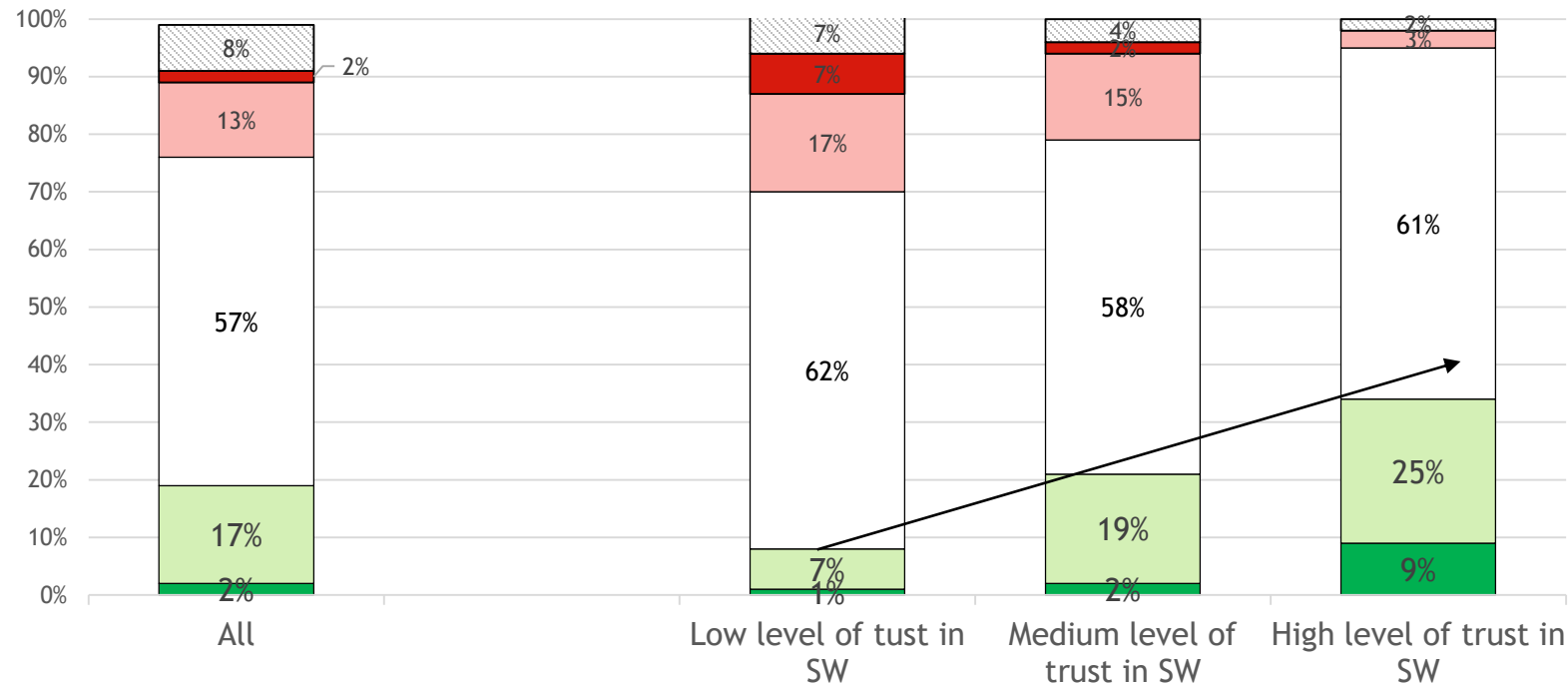
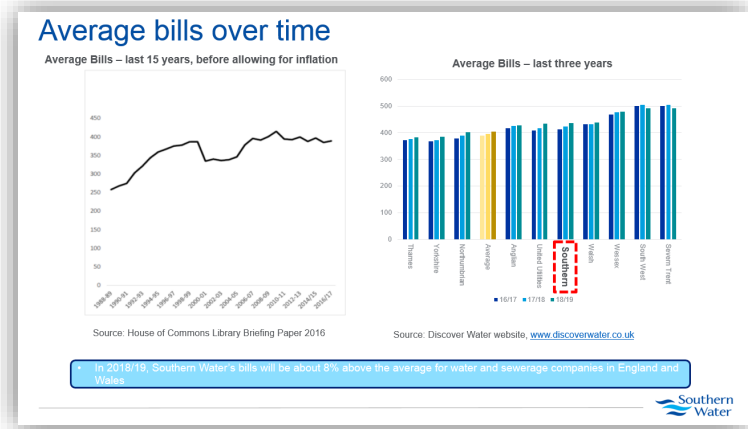




# Image 2: Average bills Impact on trust

While the image is reasonably successful in stimulating transparency, the overall reaction to changing trust levels is slightly more split with 19% saying it increases trust and 15% saying it decreases trust.

However, the subject matter of billing as well as disclosure that SW bills will be above the average is likely to negatively affect reaction.



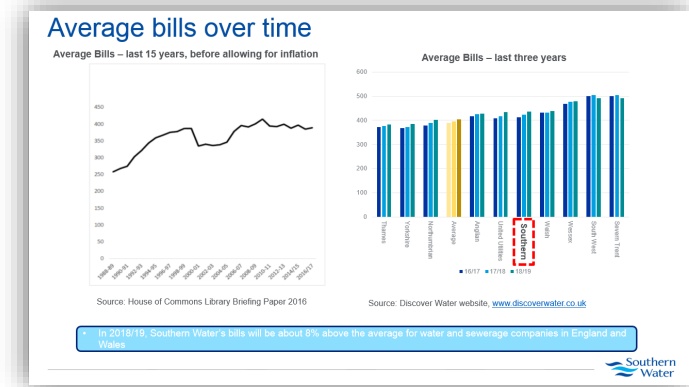
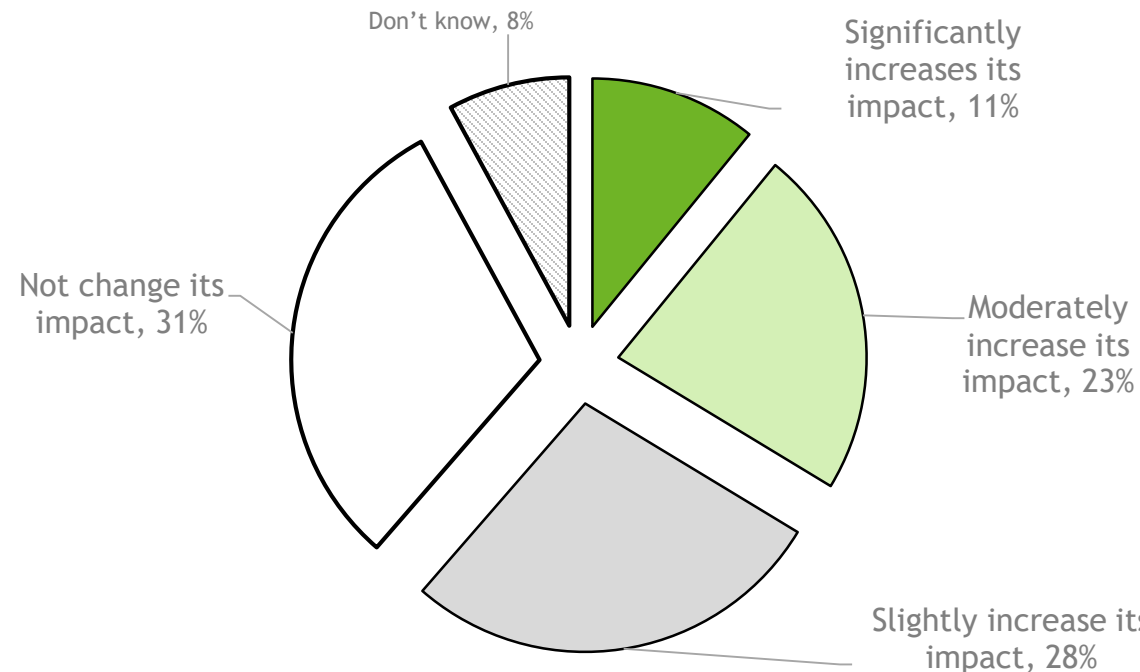
- Don't know
- It significantly decreases my level of trust
- It decreases my level of trust
- It has no effect on my level of trust
- It increases my level of trust
- It significantly increases my level of trust

# Image 2: Average bills

## Effect of verification

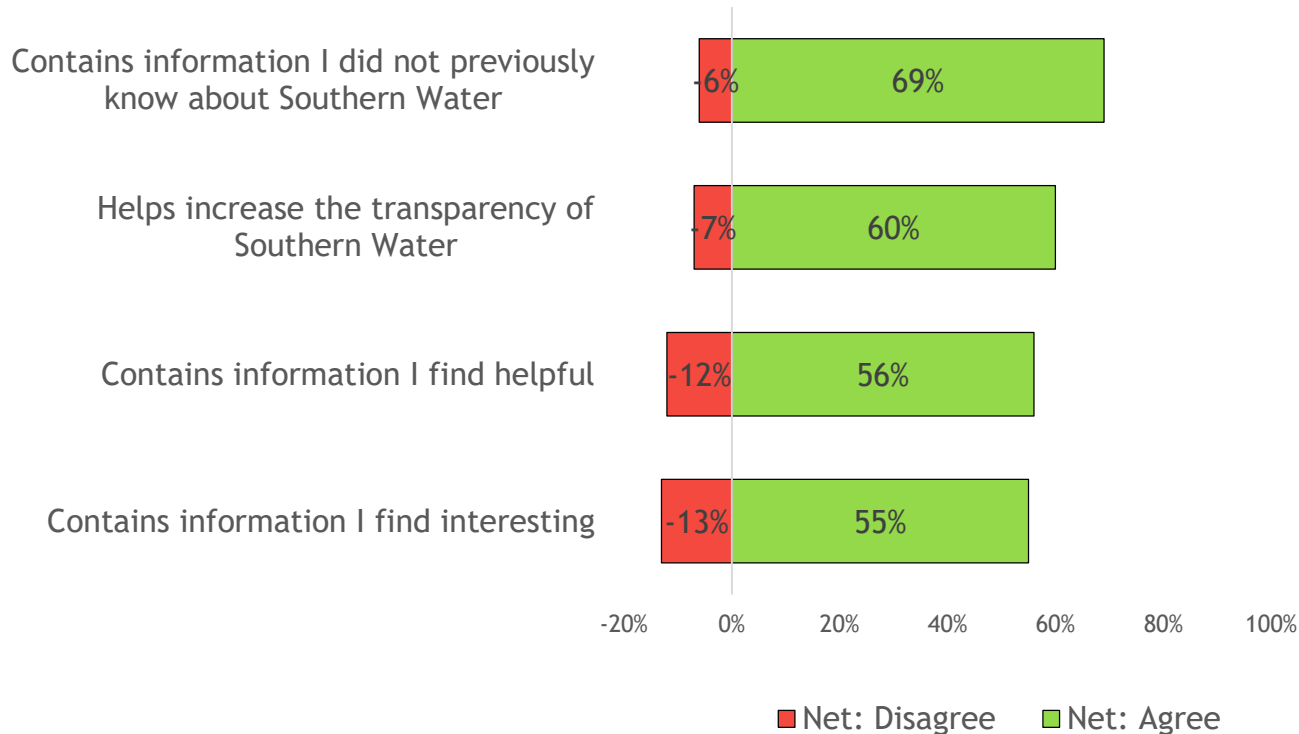
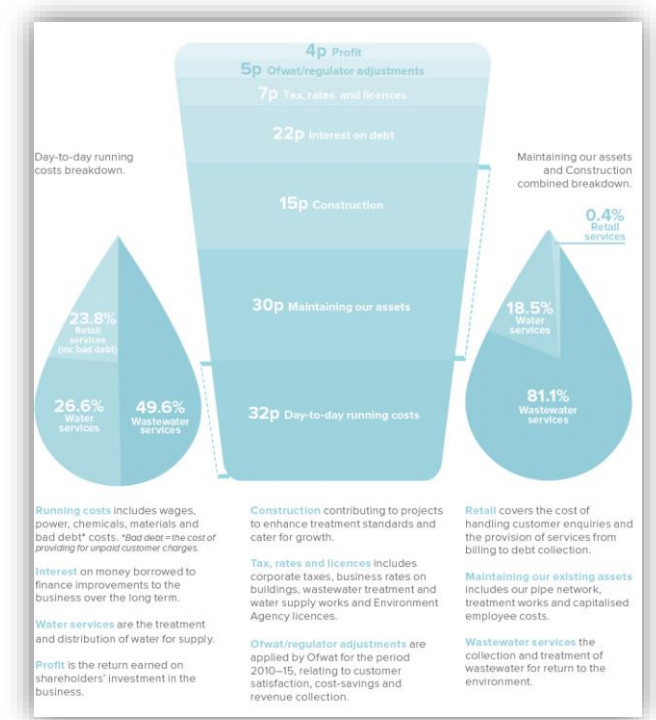
If the image contained information that it had been verified by a trustworthy, independent organisation e.g. a regulator, 11% said that this would significantly increase its impact. A further 23% said this would moderately increase its impact.

Effect on impact if the information contained evidence that it had been verified by a trustworthy, independent organisation such as a regulator



# Image 3: Financial breakdown

Image 3 was a detailed infographic which shows how costs are broken down and includes brief bullet points of explanation. The majority agreed that the image was a) informative, b) successful in promoting transparency, c) helpful and d) interesting.



The impact on transparency is greatest among 35 to 54 year olds (67%). This can be compared to 62% of 18 to 34 year olds and 50% of those aged 55 and over.

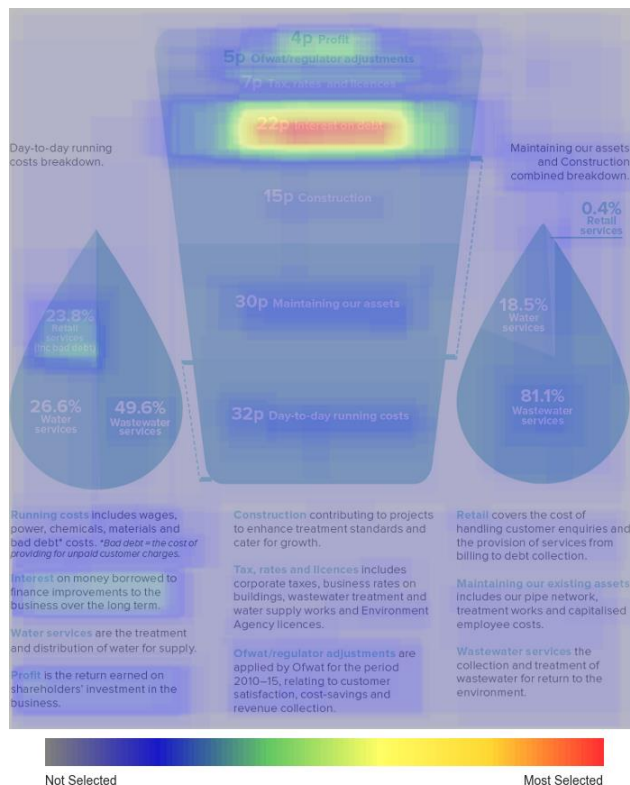
# Image 3: Financial breakdown

## Image mapping

**Negative impact:** Respondents selected the area which explained the level attributed to debt interest as a part of the image which had a negative impact on transparency. This could possibly be because the concept of debt financing might be considered fairly opaque and difficult to understand and therefore not conducive to helping transparency.

**Positive impact:** It can be seen that a large proportion of the detail in the image was selected as having a positive impact on transparency. This is especially the case for the detail that 4p goes to profit. This reinforces the previous finding that 60% of people thought it helped increase transparency.

Areas which have a **negative** impact on transparency

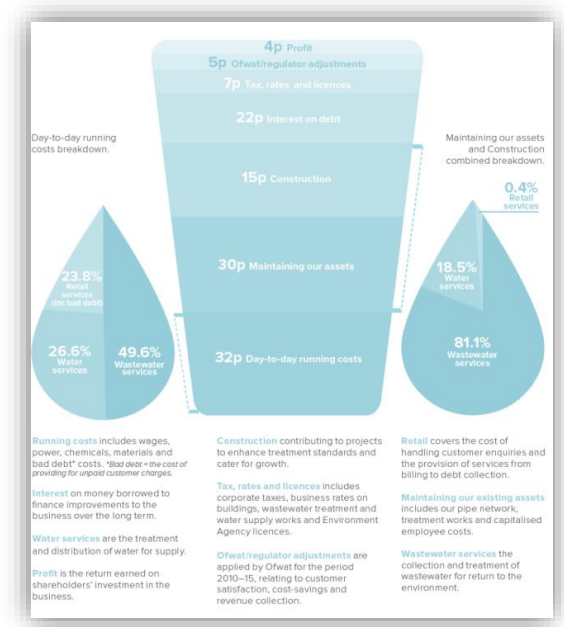
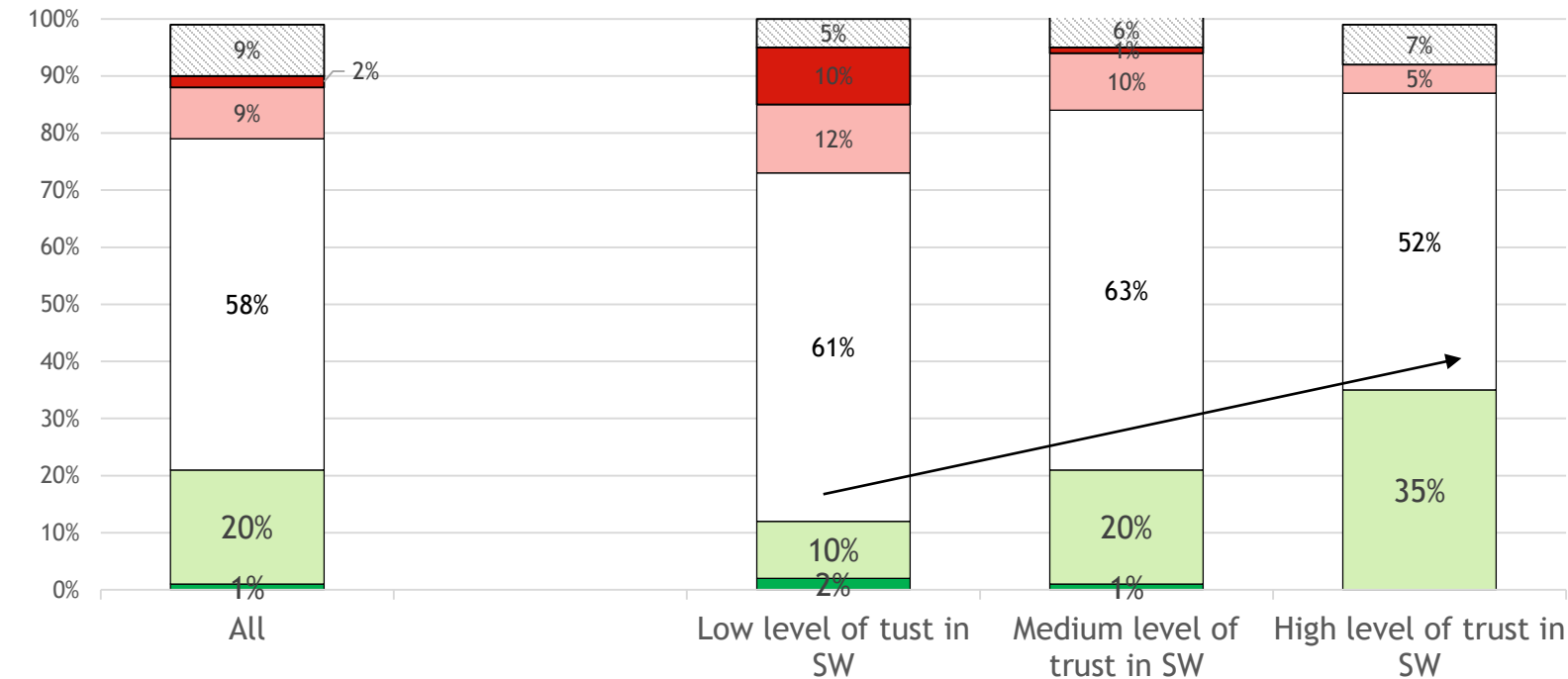


Areas which have a **positive** impact on transparency



# Image 3: Financial breakdown Impact on trust

Roughly twice as many people thought the image increased their level of trust in Southern Water (21%) as said it decreased it(11%). This is also true of the segment of people who have a medium level of trust in Southern Water suggesting this type of information helps promote both transparency and trust among those with a less polarised view of SW (which represent 61% of those surveyed).



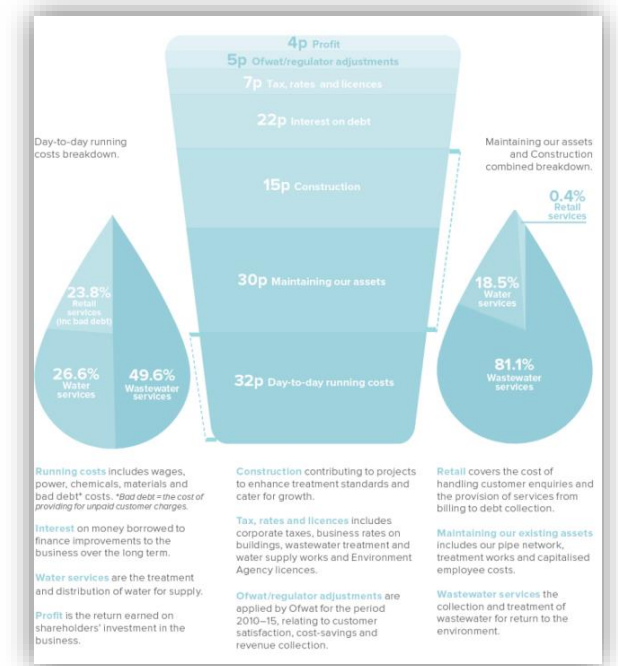
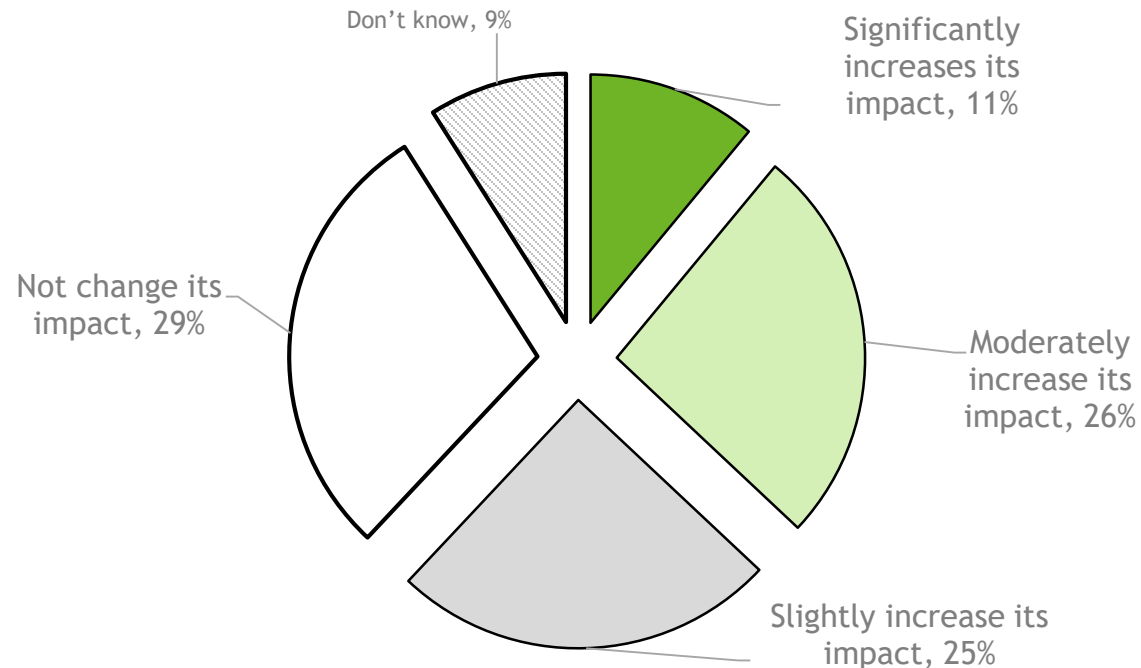
- Don't know
- It significantly decreases my level of trust
- It decreases my level of trust
- It has no effect on my level of trust
- It increases my level of trust
- It significantly increases my level of trust

# Image 3: Financial breakdown

## Effect of verification

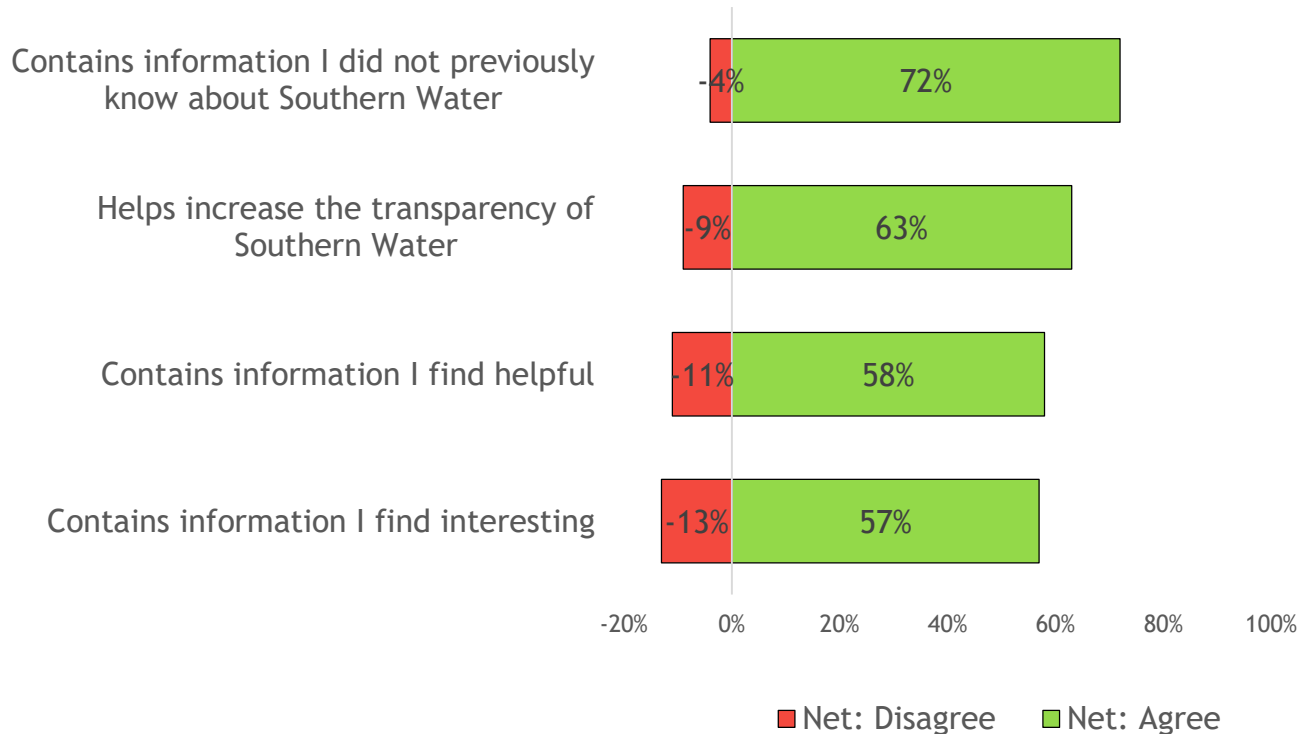
The impact of the image would be amplified if it contained assurance that the information had been verified by a trustworthy, independent organisation e.g. a regulator, 11% said that this would significantly increase its impact. A further 26% said this would moderately increase its impact.

Effect on impact if the information contained evidence that it had been verified by a trustworthy, independent organisation such as a regulator

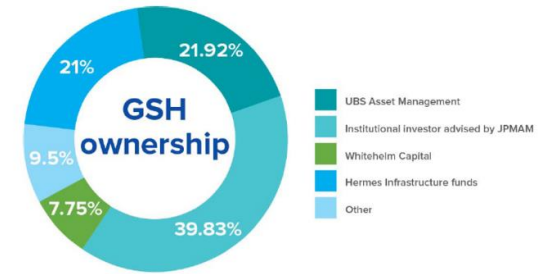


# Image 4: Ownership details

Image 4 provided detail on ownership and how Southern Water is structured. Almost three quarters (72%) said that this image contained information they previously did not know. The majority also agreed that the image was a) successful in promoting transparency, b) helpful and c) interesting.



## Who we are owned by



### How we are structured

Southern Water Services is a privately owned company and is the principal subsidiary of Greensands Holdings (GSH).

All companies in the group are UK tax resident and liable for tax in the UK.

### Ownership

GSH is owned by a consortium of long-term investors representing infrastructure investment funds, pension funds and private equity and no single shareholder has majority control.



This image resonates most highly with ABC1s compared to C2DEs:

- Informative: ABC1 (76%) / C2DE (67%)
- Increases transparency: ABC1 (71%) / C2DE (53%)
- Helpful: ABC1 (64%) / C2DE (52%)
- Interesting: ABC1 (67%) / C2DE (44%)

# Image 4: Ownership details

## Image mapping

**Negative impact:** The entire 'ownership' paragraph was highlighted as an area which has a negative effect on transparency, especially relatively complex words concepts such 'consortium' and 'private equity'. Also, the phrase 'privately owned company' was selected as a barrier to transparency. This suggests that while simple detail is helpful in promoting transparency, more complicated business jargon could have a negative impact. Additionally, the key to the pie chart was also relatively commonly highlighted, possibly driven by the lack of knowledge/awareness of the companies mentioned.

**Positive impact:** Conversely, the more easily understandable sentence which confirms UK tax liability is selected as an area promoting transparency. Respondents also singled out the fact that the group has no single shareholder having majority control as helpful.

### Areas which have a **negative** impact on transparency



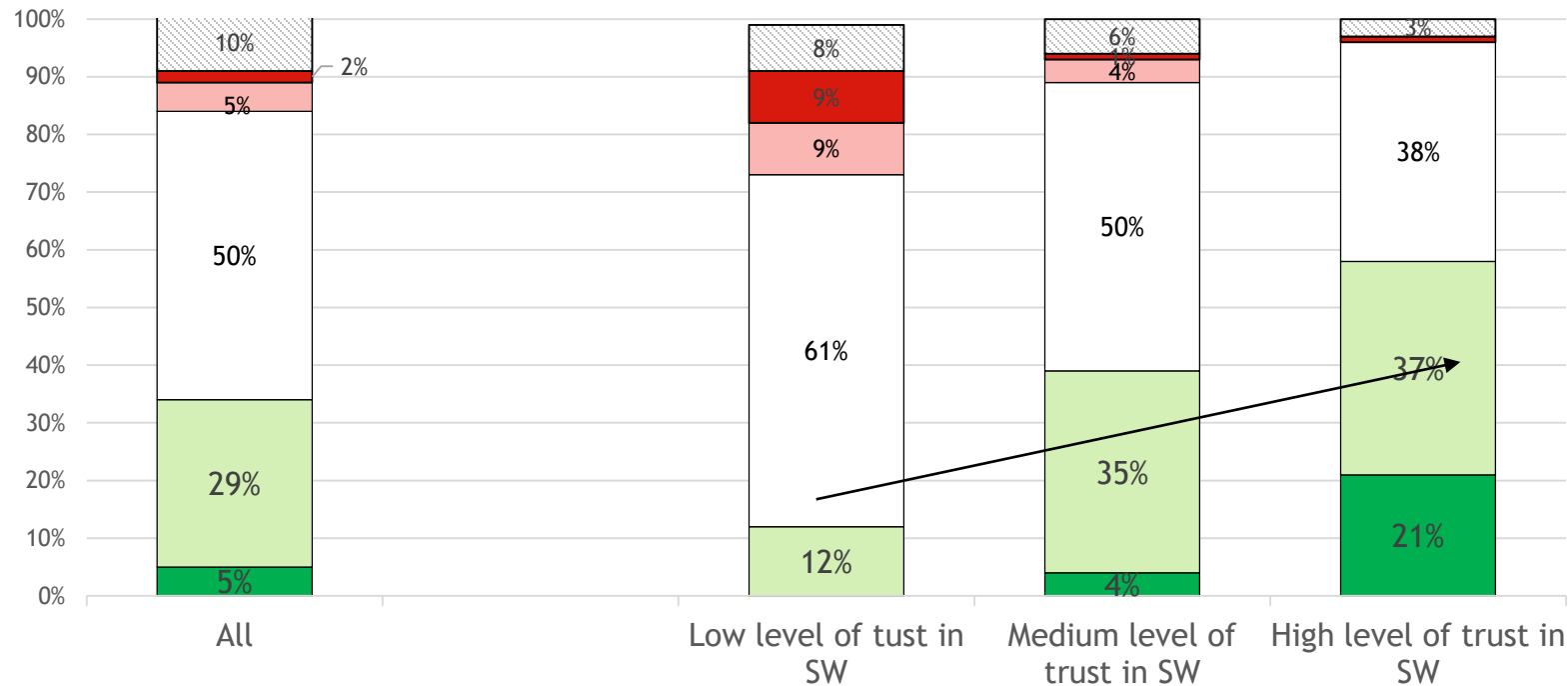
### Areas which have a **positive** impact on transparency





# Image 4: Ownership details Impact on trust

Overall, the image is the most successful out of the four tested in terms of promoting higher levels of trust in Southern Water. Just over a third (34%) say that it increases their level of trust in SW while only 7% said it decreases it. As with other images tested, it is particularly effective among those with a medium or high existing trust level with SW.



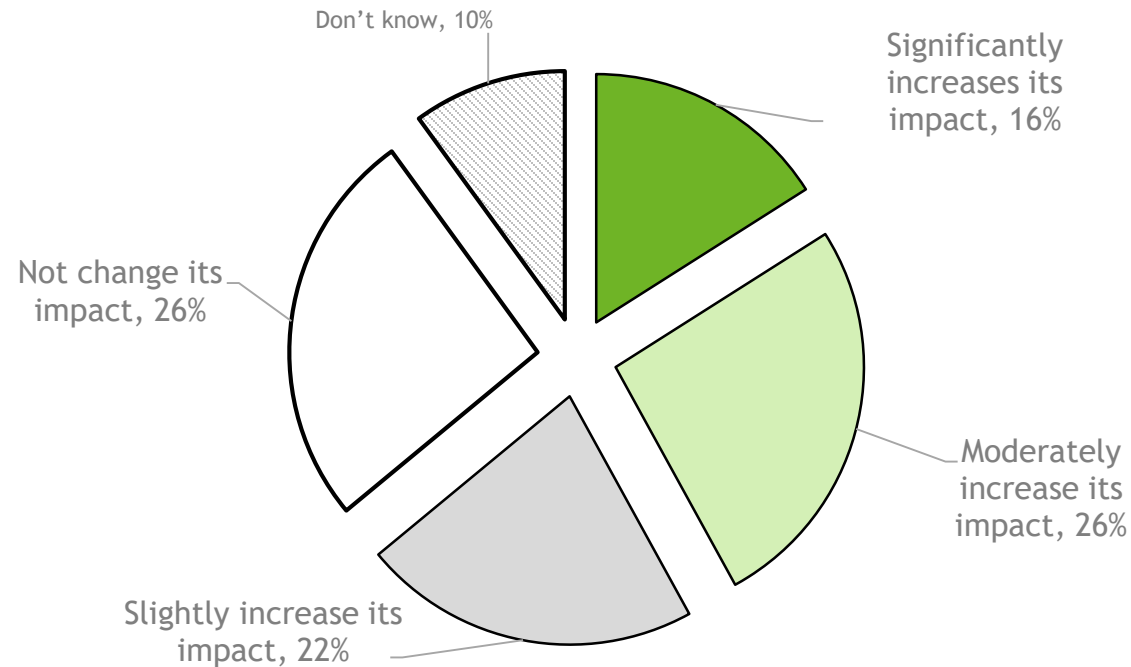
- Don't know
- It significantly decreases my level of trust
- It decreases my level of trust
- It has no effect on my level of trust
- It increases my level of trust
- It significantly increases my level of trust

# Image 4: Ownership details

## Effect of verification

The impact of the image could be further enhanced if it contained the information that it had been verified by a trustworthy, independent organisation. If this was the case, 16% say that this would significantly increase its impact and a further 26% say this would moderately increase its impact.

Effect on impact if the information contained evidence that it had been verified by a trustworthy, independent organisation such as a regulator



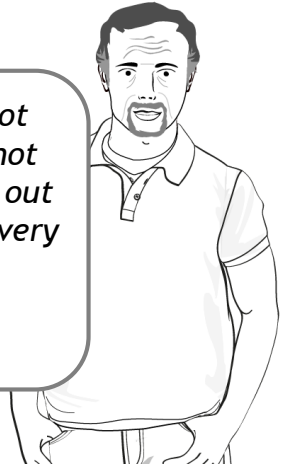
# — Image testing - qualitative

# Some participants say that more information would be helpful - if the content is right

- Participants say that information about changes to water provision and infrastructure in their local area would be useful to them. Many also feel that information about Southern Water’s environmental impact would boost perceptions of trust.
- Participants suggest a number of ways in which they would like to receive this information, ranging from face to face (where information relates to local issues), or leaflets and online formats for broader information.
- Ultimately, participants stress that this is only useful if presented in clear and accessible language and some suggest that engagement may always be limited, however it is presented.

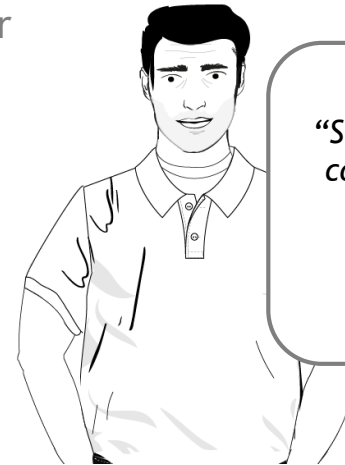
*“Tell people what they want to hear, not what you think they want to hear, and not what you think they ought to hear. Find out what they want to hear. It’s not usually very much, it’s very simple usually.”*

*Male, Canterbury*



*“Show me how it’s done, how much does it cost to clean the sewers, show me what I can do to help and possibly pay less.”*

*Male, Southampton*



# Method

- Slides showing 6 images and accompanying information regarding Southern Water were tested qualitatively.

## About Southern Water

DRAFT



- Southern Water is one of 16 privately owned water companies in England and Wales.
- We take nearly 70% of the water we use from underground sources, called aquifers, 23% from rivers and seven per cent from storage reservoirs.
- Each day we also treat 718 million litres of wastewater at 365 treatment works after it is pumped through a network of 2,375 pumping stations and 39,600 kilometres of sewers. The clean water is recycled back into the environment.
- We are owned by Greensands Investments Limited, a consortium made up of pension and infrastructure funds.
- Other water companies in our region: Affinity, South East, Sutton and East Surrey, Portsmouth, Bournemouth, Thames, Wessex.

- Southern Water provides water to 2.5m people and waste services to 4.6m people
- All English and Welsh water companies are regulated by Ofwat, the Environment Agency and the Drinking Water Inspectorate



## Sources and uses of money

DRAFT



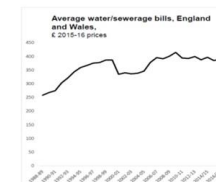
Source: Southern Water Annual Report 2016/17

- The average bill for Southern Water customers taking both water and waste services in 2017/18 was £424.
- Bills are regulated by Ofwat in 5-yearly cycles, called price reviews.
- Ofwat has duties in law to protect consumers, to ensure companies carry out and can finance their functions, and to ensure the resilience of water and waste supply systems.



## Average bills

DRAFT



Source: House of Commons Library Briefing Paper, 5 August 2016



Source: Discover Water website, www.discoverwater.co.uk

- In 2018/19, Southern Water's bills will be about 8% above the average for water and sewerage companies in England and Wales.
- Between 2016/17 and 2018/19, Southern Water's bills increased by 5.8%. The average bill in England and Wales increased by 3.9%.



## Gearing

DRAFT

### What is it?

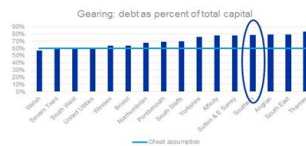
Most companies issue long term debt as a source of financing. Gearing is a measure of debt as a percent of total capital employed.

### What options are there?

Equity is permanent capital from shareholders. Debt is fixed term and needs to be repaid. It is a company's choice how much debt it uses in its capital mix.

### Where is Southern Water?

Southern Water's gearing is 79%. When Ofwat sets prices it makes an assumption about gearing. Customers do not pay more or less if a company uses more or less debt.



Source: Ofwat

- Ofwat will use a gearing assumption of 80% when it sets price limits for the 5 years, 2020-25.
- Ofwat has recently stated that it expects companies to return money to customers if gearing is above 80%.



## Tax

DRAFT

### What is it?

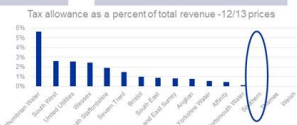
Companies pay tax on profits ("Corporation tax"), business rates, employer's National Insurance ("NI") and some other taxes. All companies must pay the tax they owe.

### What options are there?

HMRC allows companies to deduct interest and capital allowances from their profits before calculating the tax bill. They do this to encourage business investment.

### Where is Southern Water?

Southern Water's combination of higher than average debt and capital allowances means it is not expected to owe corporation tax in period 2015-20. Southern Water paid rates, NI and other taxes of £55 m in 2017/18.



Source: Ofwat R14 Final Determination

- Southern Water, in common with two other companies, is not expected to pay corporation tax in the years 2015-20.
- Ofwat made a price determination in 2014 which passed this benefit on to customers completely via lower bills.



## Overseas financing companies

DRAFT

### What is it?

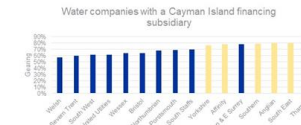
Our financing subsidiary was established to raise debt finance for Southern under the securitisation in 2003. Administrative reasons applicable at the time meant it was necessary for the company to be registered in the Cayman Islands in order to raise debt listed on bond markets.

### What options are there?

Companies can choose their financing structure. The overseas financing company wholly and exclusively resident for tax in the UK and files tax returns only with HMRC.

### Where is Southern Water?

Southern Water has had a company registered in the Cayman Islands in its structure since 2003. Southern Water has announced the closure of this company in 2018.



- Southern Water has a company registered in its structure, created at the time of the securitisation of the company in 2003.
- Southern Water has announced the closure of this company, in common with 4 out of the six water companies to have created a Cayman Islands company.



# Operational reach is impressive, but is overshadowed by concerns about ownership and sustainability

- Participants were interested to hear where their water comes from, although some were surprised at the relatively low percentage of water taken from reservoirs, and expressed concern about the environmental impact and sustainability.
- Participants were quick to comment on Southern Water's shareholders; many suggest these shareholders drive profit, which may reduce customer focus. Some also feel that the insertion of shareholder information seems out of place here.
- There are mixed views of the impact of this information on perceptions of transparency - for some the size and scale of Southern Water's operation is a reminder of the difficult job that they do. But others would prefer some of the metrics presented more visually.
- There may be an argument to make this information focused more on the operating reach of Southern Water rather than its ownership situation.

## About Southern Water

DRAFT



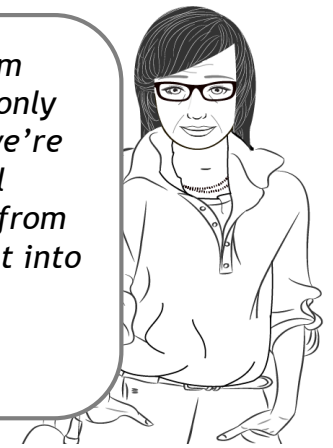
- Southern Water is one of 16 privately owned water companies in England and Wales.
- We take nearly 70% of the water we use from underground sources, called aquifers, 23% from rivers and seven per cent from storage reservoirs.
- Each day we also treat 718 million litres of wastewater at 365 treatment works after it is pumped through a network of 2,375 pumping stations and 39,600 kilometres of sewers. The clean water is recycled back into the environment.
- We are owned by Greensands Investments Limited, a consortium made up of pension and infrastructure funds.
- Other water companies in our region: Affinity, South East, Sutton and East Surrey, Portsmouth, Bournemouth, Thames, Wessex.

• Southern Water provides water to 2.5m people and waste services to 4.6m people  
• All English and Welsh water companies are regulated by Ofwat, the Environment Agency and the Drinking Water Inspectorate



*“The fact that there is only 7% from reservoirs. That says to me, ‘We’ve only invested 7% into water storage, but we’re taking the other 93% from natural resources...we’re getting more profit from the natural environment than putting it into infrastructure.’ That stood out.”*

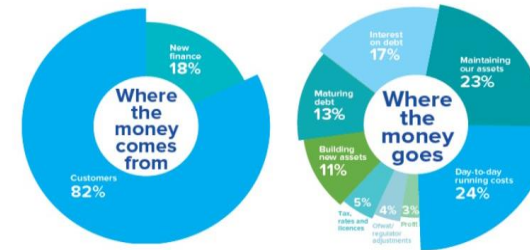
Female, Canterbury



# Communicating money usage is positive, but percentages lack transparency

- Most participants feel that the information here is unclear and many would like a breakdown of spending within each segment, and are interested in seeing how money is used to build new assets and for day to day running.
- Some feel that the percentage spent on new assets is lower than expected and would prefer to see more investment in infrastructure. However, the relatively small (3%) of spend that is given to shareholders was lower than expected to some - communicating to customers can help to dispel rumours and supposition about certain aspects of an organisation's behaviour.
- However, many comment that the use of percentages here is not helpful - they want to know exact figures, as percentages do not tell the full story.

## Sources and uses of money



Source: Southern Water Annual Report 2016/17

DRAFT

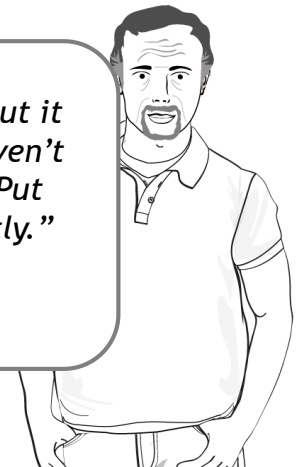
- Each year the company receives approximately 80% of its money from the bills customers pay and 20% from new borrowing.
- About 58% of the money is used to run the business, maintain the existing networks and building new networks and assets
- About 39% used for servicing debt, paying taxes and other charges.
- The remainder is profit belonging to the shareholders.

- The average bill for Southern Water customers taking both water and waste services in 2017/18 was £424.
- Bills are regulated by Ofwat in 5-yearly cycles, called price reviews.
- Ofwat has duties in law to protect consumers, to ensure companies carry out and can finance their functions, and to ensure the resilience of water and waste supply systems.

Southern Water

*"It's great saying percentages, but it doesn't mean anything if you haven't actually got the money there. Put the money there, show us exactly."*

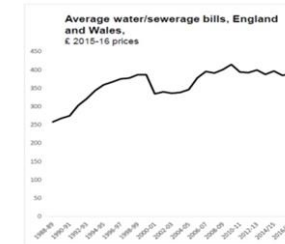
Male, Canterbury



# Many emphasise a need for a transparent explanation of *why* bills have increased

- Many participants say that they were hitherto unaware of the difference between average bill increases across different providers.
- Though some dislike the fact that Southern Water are higher than average; others accept this as the South of England is the most expensive part of the UK.
- However, some say that if Southern Water explained why bills have increased (and why this increase is higher than in other areas) they would be more accepting of the information - more transparency in this sense would be beneficial.

## Average bills



Source: Hours of Commons Library Briefing Paper, 8 August 2016



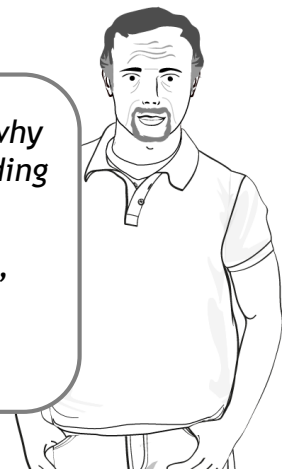
Source: Discover Water website [www.discoverwater.co.uk](http://www.discoverwater.co.uk)

In 2018/19, Southern Water's bills will be about 8% above the average for water and sewerage companies in England and Wales.  
Between 2018/17 and 18/19, Southern Water's bills increased by 5.8%. The average bill in England and Wales increased by 3.8%.



*"It says it has gone up, it doesn't say why it has gone up. Is it because we're lending too much money and not using that money to repair things, and then expecting people to foot the bill...?"*

Male, Canterbury





# Corporate jargon is a particular issue here and has a negative effect on transparency

- On the whole, participants say that the language in this slide is too technical and the concept of gearing is not clear. This has a negative impact on perceptions of trust and transparency.
- Some express confusion too, as the slide seems to suggest that customers should have money returned where gearing is above 60% whilst also saying gearing does not affect customer payments. Many comment that they have not received money back from Southern Water and want to understand why.
- Ultimately, this slide generates more questions than answers for participants.

## Gearing

DRAFT

### What is it?

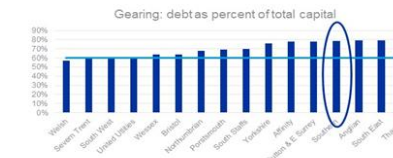
Most companies issue long term debt as a source of financing. Gearing is a measure of debt as a percent of total capital employed.

### What options are there?

Equity is permanent capital from shareholders. Debt is fixed term and needs to be repaid. It is a company's choice how much debt it uses in its capital mix.

### Where is Southern Water?

Southern Water's gearing is 79%. When Ofwat sets prices it makes an assumption about gearing. Customers do not pay more or less if a company uses more or less debt.



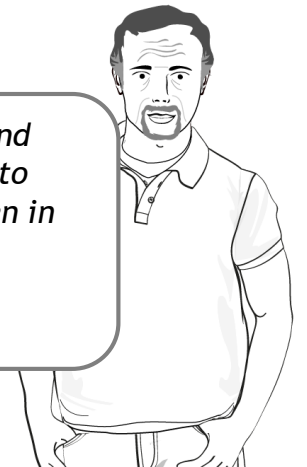
Source: Ofwat

- Ofwat will use a gearing assumption of 60% when it sets price limits for the 5 years 2020-25
- Ofwat has recently stated that it expects companies to return money to customers if gearing is above 60%

Southern Water

*“Financial experts don’t understand gearing, how is the layman going to understand it? It needs to be written in layman’s terms really.”*

*Male, Southampton*



# Hearing about corporation tax reduces participants' trust in Southern Water

- Initial reactions to this slide are negative; many comment that high borrowing indicates deliberate tax avoidance which leads to reduced trust.
- However, some comment that it could be a positive move for customers if it means that the money saved from tax results in lower bills for them.
- Ultimately, more information is needed about what this means for the customer.

## Tax

DRAFT

### What is it?

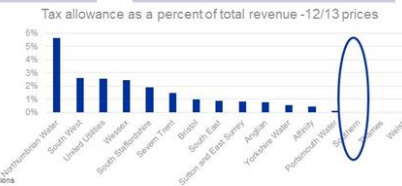
Companies pay tax on profits ("Corporation tax"), business rates, employer's National Insurance ("NI") and some other taxes. All companies must pay the tax they owe.

### What options are there?

HMRC allows companies to deduct interest and capital allowances from their profits before calculating the tax bill. They do this to encourage business investment.

### Where is Southern Water?

Southern Water's combination of higher than average debt and capital allowances means it is not expected to owe corporation tax in period 2015-20. Southern Water paid rates, NI and other taxes of £65 m in 2017/18.



Source: Ofwat PR14 final determinations

- Southern Water, in common with two other companies, is not expected to pay corporation tax in the years 2015-20
- Ofwat made a price determination in 2014 which passed this benefit on to customers completely via lower bills.

Southern Water

*"Are they also saying that because they borrow so much money, they therefore don't pay tax? Which is a bit like, okay, that's not good."*

*Female, Canterbury*



# For some participants this information hints at unethical practice by Southern Water

- Reactions to this slide are similar to those expressed about tax. Some participants say that associations with the Cayman Islands are negative and the information ‘sounds dodgy’, regardless of intention.
- Some also question why this information is made available, as it does not seem relevant to the customer
- If Southern Water is obliged to produce this information, it should think very carefully about how it does so - as the presentation of partial, confusing, or unclear information can impact on perceptions of transparency, and therefore trust.

## Overseas financing companies

DRAFT

### What is it?

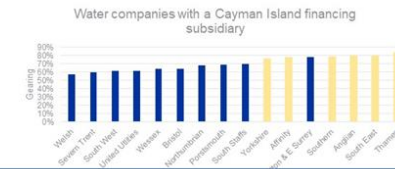
Our financing subsidiary was established to raise debt finance for Southern under the securitisation in 2003. Administrative reasons applicable at the time meant it was necessary for the company to be registered in the Cayman Islands in order to raise debt listed on bond markets.

### What options are there?

Companies can choose their financing structure. The overseas financing company wholly and exclusively resident for tax in the UK and files tax returns only with HMRC.

### Where is Southern Water?

Southern Water has had a company registered in the Cayman Islands in its structure since 2003. Southern Water has announced the closure of this company in 2018

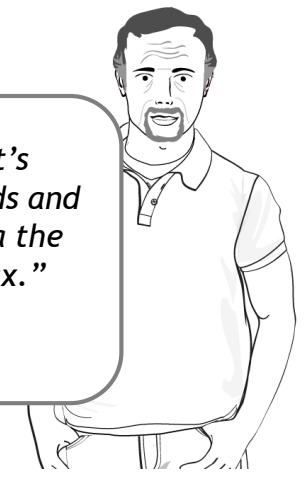


- Southern Water has a company registered in its structure, created at the time of the securitisation of the company in 2003
- Southern Water has announced the closure of this company, in common with 4 out of the six water companies to have created a Cayman Islands company



*“What we see here is a company that’s operated primarily for other equity funds and is stripping cash out of the company via the Cayman Islands and avoiding paying tax.”*


*Male, Southampton*




# — Stakeholder teledepths

# Engagement is positive and stakeholders like what they hear, but action is needed to secure positive sentiment

- Stakeholders agree that there are sufficient opportunities to engage and collaborate with Southern Water at the moment, prompting the beginning of a trusting relationship.
- A majority suggest that communication with Southern Water has improved recently and say that discussions have been positive.
- However, all say that their trust will only be secured when Southern Water *deliver* on promises - and they need to see this happen in a timely way.




*“I do think there's a genuine sense that they want to improve. The proof will be in the pudding, sometimes it's very easy to have lots of positive discussions and then it's going to collapse in reality.”*




*“Trustworthy, I'd say at the moment it's a 9, about a year ago I'd say a 3 or 4 because there was no communication and I was pulling my hair out because I couldn't find the right person to speak to.”*

# Communication is good but could be more timely in some cases

- Many are satisfied with the level of information received - on the whole it is well presented and provides a level of detail appropriate for those using it.
- Some say that, in the past, getting additional information has been difficult and a minority suggest that it still is at times.
- However many also feel confident that things are moving in the right direction, and suggest that continued communication will build trust and perceived transparency.




*“I think they could be more open, quicker, rather than having to force information out of them , they could share more.”*




*“I think timeliness - I understand how much time it takes to put this information together - but it would be good to know slightly earlier.”*

# Some areas could be made less opaque - for stakeholders and for customers

- Some stakeholders say that Southern Water's financial information is less transparent - however, many say that that reviewing financial information is not a priority for them.
- A minority believe that communications to customers could be clearer - clarity around topics such as corporate tax, and reactions to adverse weather such as the winter freeze/thaw, could build perceptions of trust and transparency.




*"I don't know anything really about financial performance - they had a convoluted corporate ownership structure. I still don't feel like I know who owns the company and what they're in it for."*



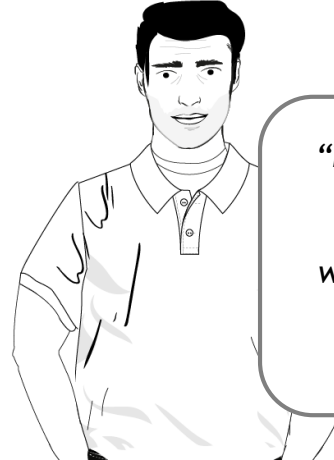
*"In terms of trust about their performance, when things go wrong as they did with the freeze/thaw event, they need to improve their PR systems to explain what happened and they need to put it right quickly but need to explain what happened and apologize to anyone who was disadvantaged by it."*

# Designated contacts make a big impact on trust and transparency

- Many have established contacts within Southern Water - they trust these individuals to work with them but this trust does not always extend to Southern Water as a whole.
- Some say they trust that their key contacts will be responsive to future requests for information and have already seen proof of this, leading to greater perceived transparency.



*“They’ve got a really clear contact, we know that she’s our lady, she contacts us we contact her, and we know that on issues she can be a starting point.”*




*“I trust the people but I don’t necessarily trust the company - the people I meet are genuine want to do good stuff and want to listen but whether they can take that back to the business and change those things is another thing.”*




# Stakeholders want to know the reasons behind action and inaction

- Although many say that the information they receive is satisfactory, a majority also say that trust and transparency could be improved if Southern Water were open about things going wrong.
- Many say understanding the ‘why’ when action is not taken or when a problem occurs, is an important factor in trusting Southern Water.
- Stakeholders emphasise that their goal is to have a collaborative relationship with Southern Water - they want to be consulted early on issues which arise.
- For stakeholders, partnership extends beyond their own organisations - many wish to see water services more linked up with other agencies, such as local authorities.




*“I think it's important that we have discussions, it's not something that's going to take a couple of minutes...we're working in partnership.”*




*“If they just say ‘look we've got these issues, we've got these problems, can you help us or you can't help us, give us a little while and we'll sort things out for you and get back to you’ - a more collegiate approach would be better.”*

# Abstraction is a key issue for those with an environmental focus

- For those invested in environmental issues, continued communication with Southern Water is key - many are satisfied that they are being consulted at present, but are sceptical of whether this will continue.
- Abstraction is a key issue for those in the environmental sector - many want to see decisive action to secure alternative water sources.
- Many say they are satisfied that Southern Water have an adequate understanding of salient environmental issues - but they need action in order to trust that these are being taken seriously.



*“I’ve been impressed to see that they’re really in touch with the wider policy landscape and mood and expectations upon them. Whether they then go and deliver it is a whole different kettle of fish.”*



*“At the moment I don’t think their environmental performance is very good - they are too reliant on abstraction, they take too much from the rivers, and need to develop alternative water sources.”*

# Summary [1]

## Qualitative - Customer Workshops

- Trust is built on personal/by proxy experience of honesty, reliability and customer service.
- Adverse events, such as leaks and wrongful charges, can quickly destroy trust if they are not dealt with efficiently - customer service can keep positive regard intact.
- Southern Water's monopoly status is a sticking point for some participants when it comes to trust.
- Participants start off with a neutral view of Southern Water which stems from their lack of exposure to other water providers due to lack of choice. It is worth noting however that the more information given by Southern Water, the more negative participants' views seem to become.
- Although transparency is valued by participants, the information they seek is different from that presented, leaning more towards an interest in value for money, consumer options (including metering), the socio-environmental impact of Southern Water and issues effecting participants locally.
- Customer facing information can be problematic if presented in an unintelligible way - where Southern Water is obligated to provide information it must carefully consider how best to present it.
- Participants feel that draft information is presented in corporate language and therefore deliberately inaccessible. For others, it is simply a box ticking exercise presented with little care for how intelligible it is.
- Participants would like to see clearer information, presented in their own terms, which is relevant to them. For many, customer focus is a key driver of trust and more could be done to demonstrate this. Some suggest that this is a hard task, and information from an independent body such as a regulator would have more impact, particularly if information was presented in comparison to other water providers.

# Summary [2]

## Qualitative - Stakeholder depths

- Stakeholders value engagement and collaboration with Southern Water - they want to be involved in plans for the future as well as ongoing work.
- Some say that explanations of why decisions are made/not made are important and they want to be kept in the loop - transparency of this kind is integral to building trust.
- Individual contacts are key to establishing trust. Stakeholders trust the people they have regular contact with, but this does not necessarily extend to Southern Water as a whole.
- Stakeholders say that communication has been positive, and support many of the business plans in place - however, they need to see action in order for Southern Water to secure their trust.

# Summary [3]

## Components of trust

- Honesty is seen as the key component of trust between a company/organisation and its customers. Other concepts frequently associated with corporate trust include transparency, reliability, loyalty and openness.
- These basic tenets of trust are implicit in the types of actions which are considered important in building corporate trust. The leading example of this is 'being honest', defined as doing what the company says it will do when it say it will do it. This action is considered extremely important by 83%.
- Other actions considered important in building trust include being fair to customers and employees (80%), being open and upfront about what the organisation is doing and why (76%), consistently delivering good service (74%) and providing effective customer care (73%).
- When looking at inhibitors of trust, the majority say that consistently poor service (73%), poor customer care (65%), profiteering (56%) and unfairly high levels of corporate pay (51%) have an extremely high negative impact on trust levels.

## The effect of transparency on trust

- The fundamental relationship between transparency and trust is further exemplified by the finding that 72% of people say they think transparency has a high or very high effect on trust.
- Important sources of information seen as promoting greater levels of transparency include general information on a company's website (65%), information from a regulator (65%), recommendations from consumer advice bodies (59%) and information sent to customers in the mail/via email (50%).
- Actions seen as improving transparency very much mirror those which drive trust with the two most commonly chosen being honesty (86%) and being open (83%).
- Given the similarity in drivers of transparency and trust and the level to which transparency is associated with trust, it is highly likely that there is significant overlap in the minds of respondents across the two concepts.

# Summary [4]

## Executive pay

- The majority of people (51%) said that excessive executive pay has an extremely high negative impact on trust.
- The large majority of people surveyed consider the gap between the average UK level of pay and that of a CEO in the water industry to be unfair (82%).
- The large majority of people (71%) also say the gap between average CEO pay (in the water industry) and the UK national average wage would have a detrimental effect on their level of trust. Just under half (45%) say this would make them trust the company in question a *lot* less.
- The negative impact of high levels of executive pay is significantly more pronounced in the over 55 age bracket.

## Trust in Southern Water

- The majority of people (61%) hold a mid/neutral level of trust in Southern Water. A further 11% say that have a relatively high level of trust in the company and 17% state that they hold a low level of trust in SW.
- People aged 35 and over tend to be more sceptical while those under 35 are more likely than other age ranges to say they don't know how much they trust SW.
- Reliability of service is the area in which Southern Water is trusted most highly. The area where the company is trusted least is in how charges are set.
- Openness and reliability ranks second to last as an area where SW is trusted suggesting that improvements can be made in this key area.

# Summary [5]

## Impact of adverse events

- When asked about the impact which a number of different negative scenarios would have on trust, being over charged *and* experiencing poor customer service ranked top as having the highest negative effect with 67% of people stating this would result in a large decrease in their trust levels. In contrast, experiencing the same situation but having the problem rectified quickly and efficiently ranked as having the lowest impact with only 8% saying it would have a large negative effect. With customer care being a critical driver in trust, this demonstrates the impact this area of service can have.
- Other scenarios also selected as having a large negative effect include five interruptions in supply per month for more than three hours (56%), a fine from the regulator for polluting a river (48%) and taking two direct debits at once (46%).

## Image testing

- While all four of the images tested were relatively successful in how their content was generally received and specifically in terms of generating trust and transparency, the image detailing ownership details was found to have the largest positive effect.
- The majority all agreed that the ownership image was informative (72%), increased levels of transparency (63%), was helpful (58%) and was interesting (57%).
- When asked to highlight areas of the image which had a negative impact on transparency, it was clear that the use of business jargon e.g. ‘consortium’ and ‘negative equity’ as well as information referring to relatively obscure companies was detrimental.
- In contrast, simple explanatory sentences such as that stating the company pays UK tax were found to have a very positive affect on transparency.
- Over a third (34%) say that the ownership image helped increase their level of trust in Southern Water.
- The impact of all the images tested would be enhanced if it was confirmed that the information was verified by another independent and trustworthy source such as a regulator.