

A complex network diagram with various nodes and connecting lines, some nodes highlighted with concentric circles, set against a dark background.

Britainthinks

— Insight & Strategy —

Severn Trent Universal Metering Full report

June 2022

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01

Introduction

Research background & objectives

Severn Trent is in the midst of developing its Water Resources Management Plan (WRMP), which will outline how the organisation will ensure adequate supply for all customers in the next 25 years and beyond. The region's classification of being water stressed means that Severn Trent now has the option of adopting compulsory metering from 2025, should it deem this necessary.

Severn Trent has some existing knowledge on compulsory metering, including the main barriers. However there is a need to expand and deepen learnings.

Therefore, research was required to understand customer perceptions of this potential measure **amongst those who are currently unmetered** including those who are **opposed to having a meter**, those who are **likely to pay more if metered** and those who **do not currently think about their water usage**.

Methodology

We conducted two in person workshops lasting 3 hours each in Birmingham and Leicester covering the following:

Pre-task to provide basic information on water meters and assess current views on the topic.

Introduction and warm up including a quiz on water usage and metering.

Presentation on 'solving the supply demand problem', followed by discussions on water scarcity, initial responses to water metering and the pros and cons of universal metering.

Presentation on the financial impact of universal metering and discussions on expectations of Severn Trent, and ways to support financially vulnerable customers.

Discussion on options for rolling out universal metering, including responses to different roll out strategies.

Discussion on how to best communicate on the topic of universal metering, including responses to different communication options.

Post-task to assess any changes in views on the topic after the research.

Note, all stimulus presented to participants throughout the research can be found in the Appendix.

Sample

34 unmetered household customers were recruited to take part in the research.

Age	Gender	Household SEG	Rural / urban	CIVS*	Digitally disenfranchised	Attitudes towards metering	Impact / engagement with metering
4 x 16-17 years (future customers) 4 x 18-24 years (who do not pay a bill) 5 x 25-30 years 8 x 31 – 45 years 8 x 46 – 60 years 5 x over 60	Mix of gender	6 x AB 11 x C1 11 x C2 6 x DE	4 x rural 11 x semi-rural / suburban 19 x urban	6 x CIVS <ul style="list-style-type: none"> 3 x customers with a financial vulnerability 3 x customers with a health / wellbeing vulnerability 	4 x digitally disenfranchised	8 x opposed to metering 14 x neutral or open to metering 12 x in favour of metering	5 x to be likely to pay more if they switched to metered billing 20 x with low engagement with water usage 14 x with high engagement with water usage

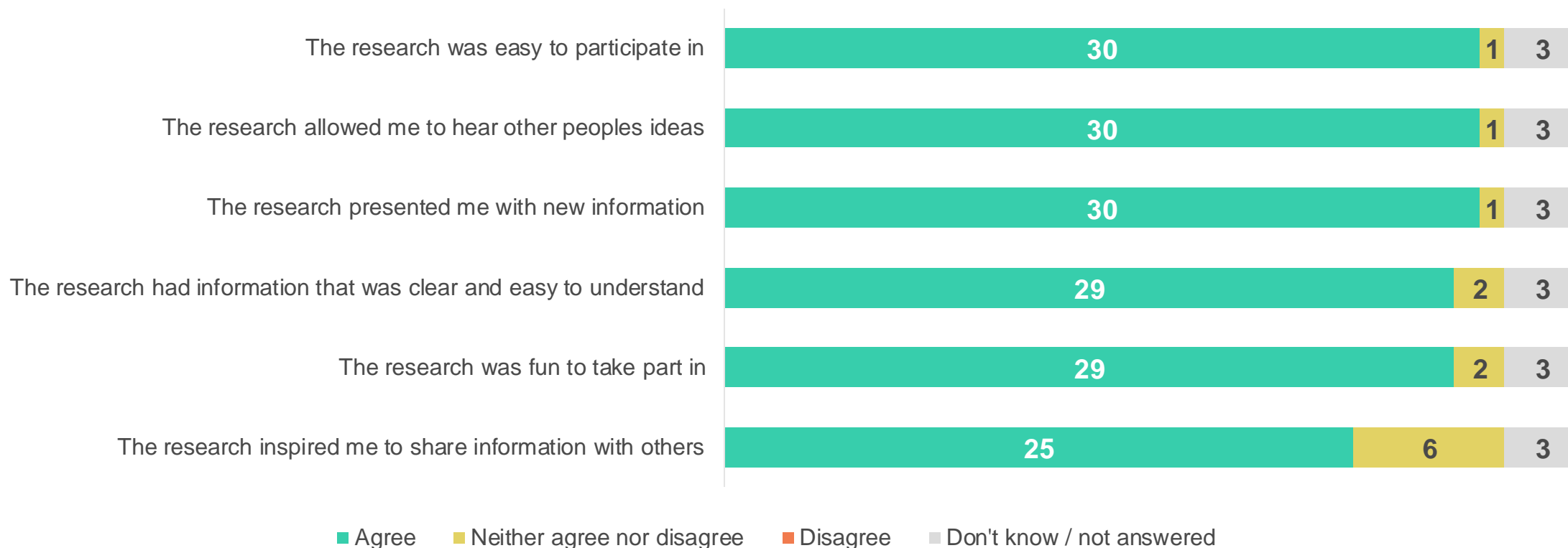
*CIVS refers to customers in vulnerable situation e.g. with a long term health condition

This research met Ofwat's standards for high quality research

Research principle	Grading	Further information
Useful and contextualised		Research had a clear purpose of informing Severn Trent's future water metering plans.
Neutrally designed		Research guides and stimulus were designed to be neutral and free from bias. The sample focused on unmetered customers with a range of views on metering. Participants were encouraged to give their open and honest perspectives.
Fit for purpose		A deliberative approach which provided participants with information on key topics and allowed them to engage in a more meaningful way.
Inclusive		The sample for the research included a wide variety of Severn Trent customers including future customers and the digitally disengaged. Research materials and the research itself were designed to be inclusive and accessible for the sample.
Continual	N/A	To be determined by Severn Trent.
Independently assured		All research was conducted by BritainThinks, an independent research and insight consultancy.
Shared in full with others	N/A	To be determined by Severn Trent.
Ethical		All research conducted by BritainThinks is in line with the Market Research Society Code of Conduct.

Participants also reflect positively on the research across a range of key metrics

*To what extent do you agree or disagree that...?**



*Please note small sample size, n=34

Question asked as part of a post-workshop reflection survey

Key findings

1.

Initial responses to the idea of water meters are mixed: a few actively oppose, but most are ambivalent.

Favourability is generally driven by expectations of whether or not an individual will personally pay more, with the concept of 'fairness' generally failing to resonate.

2.

After deliberation, unmetered customers become more accepting of Severn Trent potentially rolling out universal metering. The need to reduce water usage to counter the supply / demand deficit and protect the environment are felt to necessitate this approach, but the uncertainty and compulsory nature of the approach remain the key sticking points.

3.

Unmetered customers cite a range of concerns about meters, with the financial impact on low-income families being seen as the biggest, however overall, they net out positive. There is agreement that meters would help to reduce usage across the region and are therefore potentially a necessary solution to addressing the supply / demand deficit.

4.

Whilst unmetered customers acknowledge that some financial impact is unavoidable, there is an expectation of Severn Trent to support. This includes providing transitional periods, clear education and support on how to reduce usage and potentially expanding financial aid schemes so more people qualify.

5.

In the roll out, unmetered customers indicate a preference for smart meters, but are split on whether a proactive or reactive replacement approach should be taken. Customers feel proactive replacement will enable water scarcity to be addressed more quickly, however there is a concern that this is less environmentally friendly and cost effective.

6.

Should universal metering be approved, unmetered customers expect to see clear communication and education from Severn Trent. There is no clear winner in terms of which message Severn Trent should lead with in communicating the change, however there is an expectation that communications are accompanied with practical guidance on reducing usage.

A close-up, high-angle shot of a shower head. The shower head is dark and circular, with a grid of small nozzles. Water is spraying out from the nozzles, creating a dense, conical stream of water droplets. The background is dark and out of focus, showing some blurred shapes that suggest a bathroom setting. The overall lighting is dramatic, highlighting the texture of the water spray.

02

Customer context on water scarcity

Currently there is low awareness on the topic of water scarcity – information on this is seen as new news

As seen in previous research, there is **low awareness amongst the public on the topic of water scarcity.**

The majority of unmetered customers had not previously engaged with the concept prior to the research.

Therefore, this information is **seen to be new news to them.**

Some also **feel confused and frustrated that they had not previously been made aware of the issue**, particularly at a local level given the region's classification of 'water stressed'.

There is particular **surprise upon learning of the extent of the water deficit that they could face in future years**, with many noting a **concern about how this problem can be addressed.**

"I was surprised to hear about compulsory metering in some parts of England. I realise that water seems to be becoming scarce in some parts of the world, but was unaware of the immediate problems close to home."

Unmetered customer, 31-60+, Birmingham

"I do hear a lot more about the gas and electric bills. I never hear anything about water."

Unmetered customer, 16-30, Birmingham

"Sounds like it's going to get expensive for homeowners all round."

Unmetered customer, 31-60+, Leicester

Unmetered customers are not actively thinking about reducing their water consumption

Whilst it is consistent across unmetered customers that water should not be 'wasted', **very few are actively trying to cut back on their water usage.**

Most feel that their **water usage is already relatively low**, believe that cutting down would not be possible without significantly impacting their lives, or **simply do not recognise a need to cut down** due to inbuilt perceptions that water is cheap and in abundance due to the wet climate of the UK.

"I never thought of cutting down as a preservation of water thing, just financial thing."

Unmetered customer, 31-60+, Birmingham

"If they make water meters compulsory, they'd need to educate us about what uses a lot of water."

Unmetered customer, 31-60+, Birmingham

"The onus shouldn't always be on the individual to save the environment."

Unmetered customer, 16-30, Leicester

Being provided with information on water scarcity does evoke some sense of urgency

Unmetered customers **recognise the societal need to respond to water scarcity.**

This leads to two shifts in perceptions:

Rising expectations of water companies to be taking action to respond to the problem and to find ways to mitigate the potential impact.

Recognition that they themselves may be required to change their behaviour in order to contribute positively.

03 Views on water meters



Water meters (general)



Customers were initially given basic information about the concept of water meters

Water bills are worked out in one of two ways:

Water meters

If you have a water meter, you only pay for the water you use – plus a standing charge which covers other costs not linked to your usage.

Since 1990, all new homes have had to have a water meter. Most businesses and other commercial properties are also metered.

Water meters can help to save water - many people make a conscious effort to use less water once they have a meter fitted and this means a benefit for both your pocket and the environment. Using less water means less water needs to be heated. This can help you to save on your energy bills and reduce your carbon footprint.

Currently 49% of homes are metered.

This year, the average (semi-detached, media

Rateable value

If you don't have a meter, your bill is worked out using something called the rateable value of your home. This old system was used prior to 1990 to work out how much local councils would charge households for the services they provided.

The rateable value was worked out using different things including where you live and the size of your property.

Severn Trent can let you know the rateable value they are using to calculate your bill, but they cannot alter or replace it.

Rateable value – an outdated system

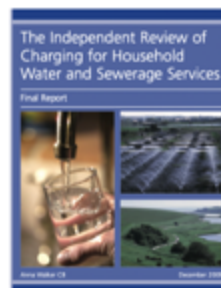
The rateable value system was designed to be progressive – those on lower incomes would pay less for their water than those on high incomes.

However, it is now out of date – with significant consequences.

The central assumption has become increasingly tenuous and there is now little connection between the rateable value of a property and household income.

As a result, many low-income households face higher bills because they live in a high-rateable value property, and many high-income households pay lower bills as they live in a low-rateable value property.

- The Walker Review (2011)



Universal metering

In drier areas of England (the south and east), five water companies have introduced compulsory, or 'universal', metering, to ensure they can supply all customers with the water they need.

Government approved this and so these water companies gained the right to install meters and bill customers using those meters.

This is to encourage people to think more about how they can save water. People living in these areas do not have the choice to try out a meter for two years.

Whenever universal metering is introduced, there has to be a customer consultation on this before it is agreed upon.

Water shortages for half of the country, weather chiefs warn



Environment watchdogs have asked the public to conserve water, warning that Scotland could face a shortage this autumn. Half of the country has been told that water may be scarce after spring rains did not materialise.

Choosing to switch to a water meter

You can use the CCW water meter calculator to find out if you'll save money by switching to a meter: <https://www.ccwater.org.uk/watermetercalculator/>

If you choose to switch to a water meter, you can apply to have a water meter fitted (online or over the phone). Severn Trent will fit it the water meter for free.

Currently, you can trial a water meter for two years. If you don't save money, or you feel a water meter isn't right for you, during that time you can switch back to unmetered billing.



Who has to have a meter?

If you choose to use a garden sprinkler or other automatic garden watering devices you must have a meter fitted. This is because these devices can use more water in an hour than a family of four does in two days! Plus, if you use a sprinkler during hot, dry weather, demand can soar and affect supplies to other customers.

You must also have a meter if you choose to have a swimming pool or a pond with over 10,000 litres capacity that is designed to replenish itself automatically.

Please see appendix for the full set of stimulus used in workshops

Currently, there are low levels of awareness and understanding of water meters amongst unmetered customers

Most are starting from a place of low consideration when it comes to water meters:

Most unmetered customers had **simply not engaged with the option of getting a water meter** prior to the research.

This is felt to be due to **a lack of engagement with the topic of water** more generally, as well as **a lack of information and promotion** of water meters specifically from Severn Trent.

Some unmetered customers even **demonstrate uncertainty about the very basics of what a water meter is**, for example conflating it with a pre-paid electricity meter.

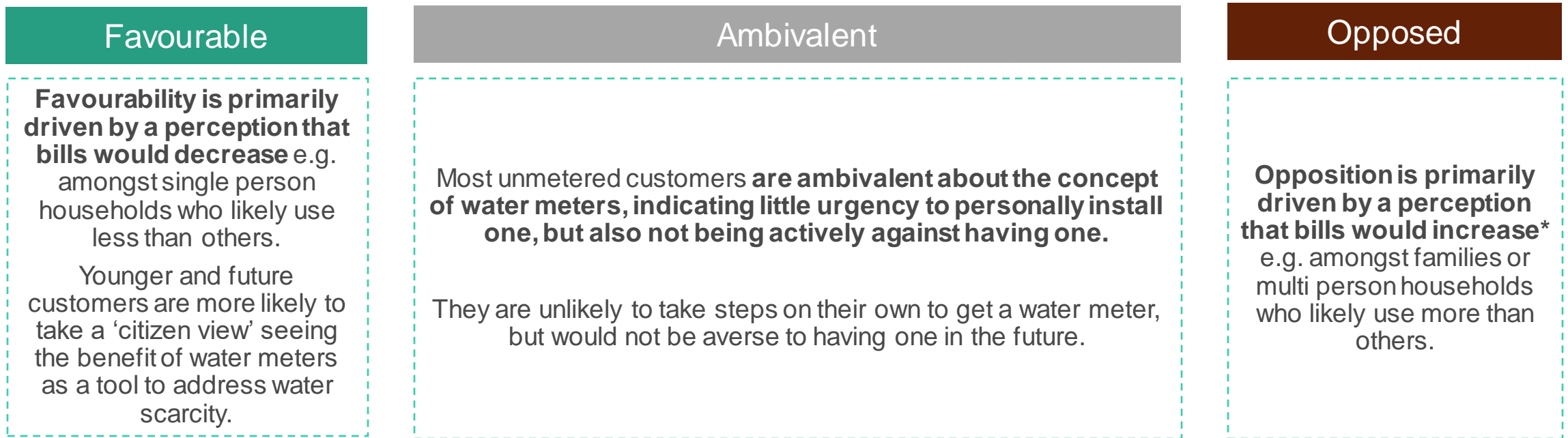
This is most common amongst younger and future customers.

A minority of unmetered customers (normally those who are generally more engaged in their water usage) had **already looked into getting a water meter, but had rejected the idea** upon finding out that their living situation may mean their bills could increase.

There is a sense that unmetered customers have a distinct mindset, whereby they are not only **less engaged with their water use (even those who claim to be more engaged)**, but also display more of an attitude that they have a **profound right to water** and that the **unmetered billing system is already fair**. This makes them a more **challenging audience to communicate with** about the reasoning behind a universal metering approach.

Initial responses to having a water meter are mixed; whilst only a few actively oppose, most are simply ambivalent

Whilst most unmetered customers are relatively neutral about the prospect of water meters, stronger favourability or opposition is primarily driven by price perceptions:



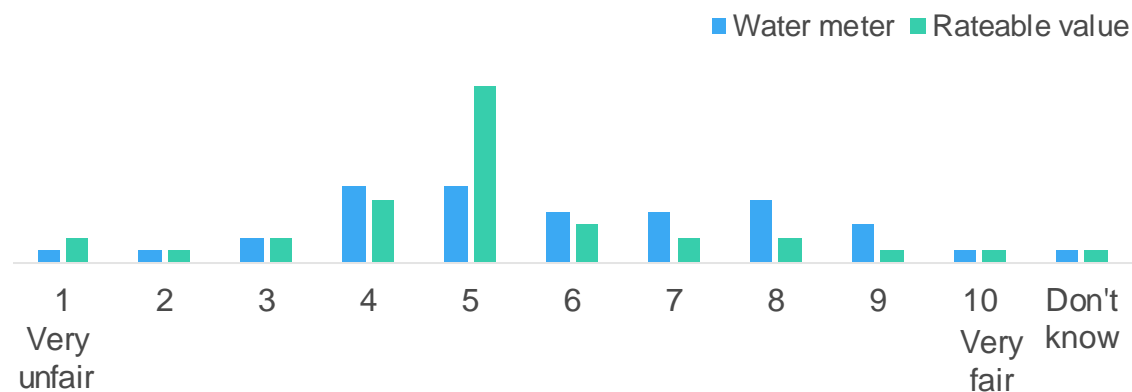
Positive

*Unmetered customers often assume that price increases would be quite high, which may not be in line with actual bills.

Negative

In discussing water meters, for most the concept of fairness fails to truly resonate

How fair or unfair do you feel that billing by water meter / rateable value is?*



The average fairness score for water meters is **5.8**, compared to **5.1** for rateable value.

*Please note small sample size, n=34

- After being given information on billing by water meters and rateable value, there is **no clear consensus about which system is fairer**. Customers are only slightly more likely to regard water meters as fairer.
- Those that think they would pay more on a water meter **recognise that this increase is a result of their higher usage, but still see the increase as somewhat unfair**, simply because it is a change from what they currently pay.
- The idea that billing according to **rateable value is outdated and unfair does not always cut through to customers**, with some feeling that they are fair as larger homes should equate to higher bills.
- **Customers are generally not that concerned about others 'wasting' water due to unnecessary or excessive usage**, instead assuming that high usage is most likely to be driven by families who are perceived to have an adequate reason for doing so. 'Luxury' usage (such as hot tubs, pools or large gardens) is not spontaneously mentioned and **does not evoke a strong reaction as it is felt to only represent a minority of people**.

Alongside price concerns, having to manage water usage, logistics and the concept of change are reasons for opposition

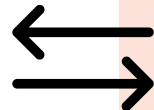
Whilst bill increases are the primary driver of opposition to water meters, unmetered customers also indicate additional reasons for concern:



Many unmetered customers **value not currently having to consider their water usage**, and dislike that water meters would mean they would need to pay attention to this.



Some unmetered customers are also **resistant to the actual process and logistics of switching**, feeling that they do not currently have time or inclination to organise this.



Some simply **dislike the concept of change**, and feel more comfortable sticking with what they already know. There is particular concern for how older customers would manage this.

Universal water metering



Customers were given information about the supply/demand deficit and universal metering as a potential solution


Universal water metering is one option that Seven Trent is looking to address the supply / demand deficit

As a 'water scarce' region, Severn Trent could in the future introduce universal metering, if it's approved by the Government

Last year Severn Trent was designated as a 'water scarce' region by the Environment Agency.

There are 13 other water companies in the UK that are in regions where there is a risk of future water shortages. Severn Trent has the **power to enforce universal metering** as part of a wider package of measures to ensure there is enough water for all the needs to consumers and businesses.

To date 5 water companies have introduced universal metering programmes.



Analysis indicates that Severn Trent won't have enough water to supply to customers if they don't take action now

Severn Trent's initial analysis indicates a significant supply / demand deficit by 2045 and even greater shortfalls over 65 years.

This expected shortfall is due to population growth, climate change, protection against droughts and protecting the environment.


For context 1 megalitre is 1 million litres of water, or about 40% of an Olympic sized swimming pool

Water meters ←

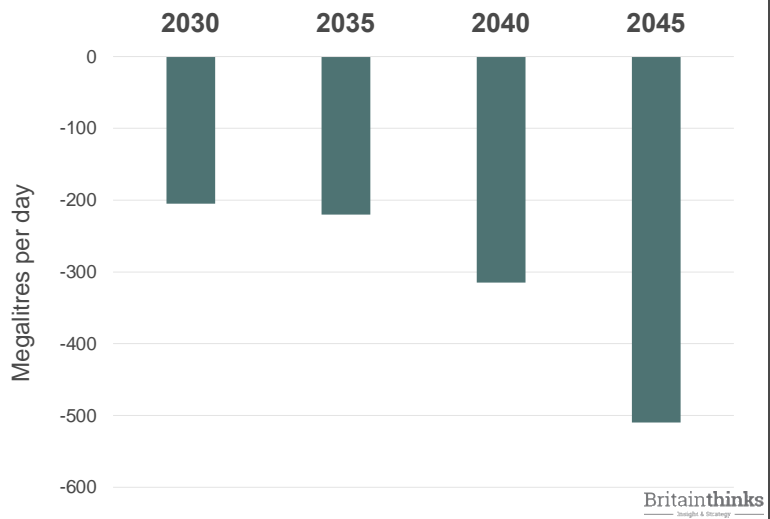
Water meters can help to save water because many people make a conscious choice to have a meter fitted.

Universal metering, 'universal metering', could help to reduce future water shortages and be a far less expensive solution than other sources.

Severn Trent would encourage customers to have a meter fitted.



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Please see appendix for the full set of stimulus used in workshops

This information can drive negative views of Severn Trent's approach to managing water scarcity more broadly

Negative feedback is more common amongst those who already oppose water meters, and feel frustrated with a perceived lack of action from Severn Trent to manage the problem before now.

Many raise questions about how well Severn Trent is currently managing its broader infrastructure, which is felt to be outdated, including responding to leaks.

Some also feel that Severn Trent has not done enough to explore other solutions, including greater education and communication, and supply side solutions such as reservoirs.

Broader concerns are also raised about Severn Trent's motivations as a private company, with some feeling that water metering is a way to push the problem of water scarcity (and the financial burden that goes with this) onto customers.

"Severn Trent should put more time and effort and money into sorting their wastage."

Unmetered customer, 31-60+, Birmingham

"I mean the last reservoir you said it was built in the 1980s...that's a long time for them not to do anything."

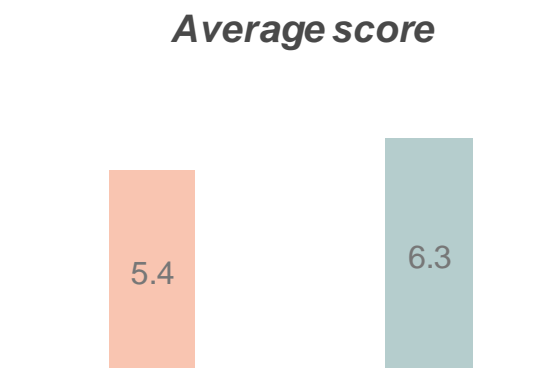
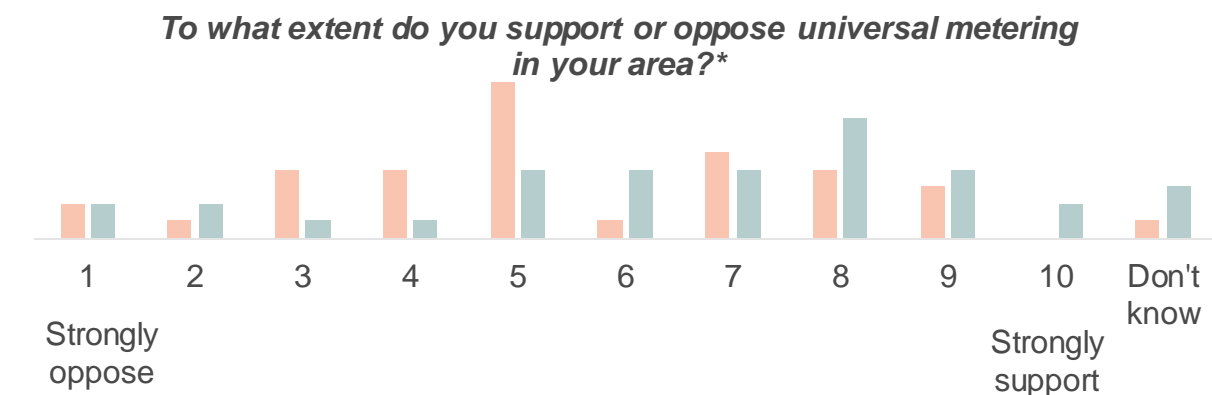
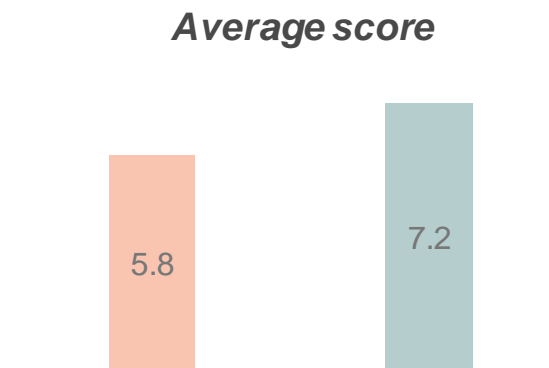
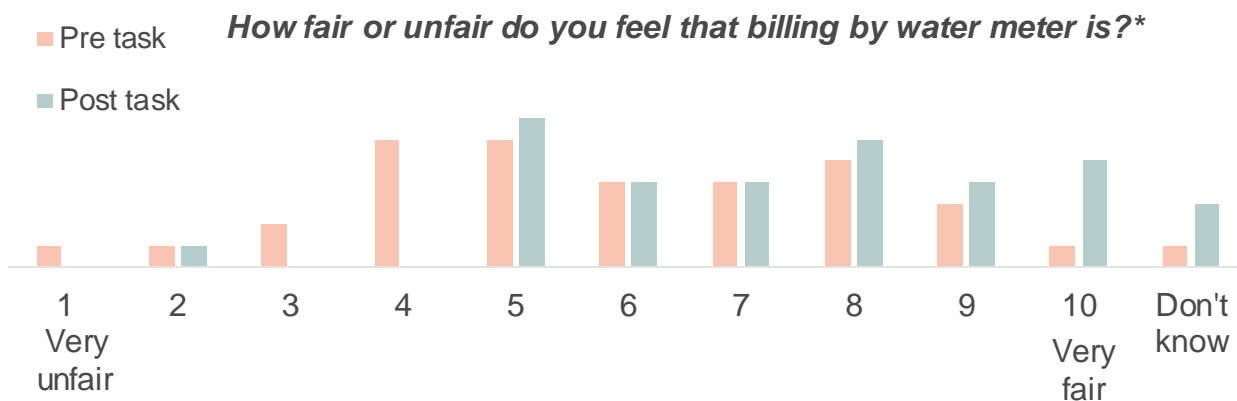
Unmetered customer 31-60+, Leicester

"I would like to hear from a body that isn't related to Severn Trent like The Green Party, and their opinion."

Unmetered customer, 31-60+, Birmingham

Some assume that water meters will disincentivise Severn Trent from looking into these measures and solutions.

After information and discussion, unmetered customers are more likely to support universal metering than oppose it



However, **support does not necessarily equate to favourability**: many unmetered customers feel that universal metering is inevitable, given companies in other water stressed regions have already had approval of this change and that there is little real choice about whether it goes ahead or not.

*Please note small sample size, n=34

There is recognition that meters could help address water scarcity, however there are concerns about cutting down

Upon engaging with information on water scarcity and water metering, **unmetered customers recognise that these could offer a sensible solution to the problem of water scarcity.**

This is driven by agreement **that metering could lead to an overall reduction in water usage on a broad level across the region**, by giving customers the data and information they need to manage their usage, as well as a financial incentive.

However, **unmetered customers struggle to see how they would make changes on an individual level**, particularly if they don't see their usage as 'excessive' e.g. using hosepipes or having sprinklers for their garden.

They lack clarity on how they would make change, and struggle to see how small changes may make a difference (e.g., a shorter shower), instead assuming that more drastic changes would be required (e.g., foregoing a shower altogether).

There is also a concern that **the requirement to cut back on usage could create pressure and stress for some key customers.**

There are particular concerns for how lower income families could be impacted by the change

Unmetered customers **spontaneously raise concerns about how lower income families on water meters may be impacted by the change**, heightened by the current cost of living crisis.

"Low-income families are more likely to have more people living in a smaller place. It's another way of people who haven't got very much, paying more."
Unmetered customer, 31-60+, Leicester

"You might be more stressed because you're aware of what you're using"
Unmetered customer, 16-30, Birmingham

Regardless of whether their bills would actually increase or not, there is a **concern that they would feel a strong need to cut back in order to save money.**

Given low understanding of how to best save water and what usage costs specifically, **this could result in highly detrimental behaviours such as individuals not washing clothes or themselves, or even reducing the amount of water consumed.**

"My fear about enforcing it on people is that there will be those unable to drink or wash."
Unmetered customer, 31-60+, Leicester

There is strong dislike as to the compulsory nature of the change, as well as the sense of uncertainty it brings

The idea of being *forced* to do something is a key challenge for customers, even those who are more favourable towards the concept of metering.

As such, many struggle to envisage it being enforced and advocate for maintaining a voluntary element to the roll out, for example allowing those who are more open to a water meter to sign up first.

Many unmetered customers are resistant to metering simply because of the perceived risk factor of not knowing for certain if it would cost them more money or not.

They would therefore like to see Severn Trent work to improve their understanding of usage on an ongoing basis as meters are rolled out and used, to help better inform their customers.

Overall, participants recognise both benefits and draw backs of universal metering

Benefits	Drawbacks
The individual cost (if lower)	The individual cost (if higher)
Could encourage behaviour change and therefore reduce water usage	May create stress or pressure for customers to cut down
Could encourage innovative water reduction methods	Could lead more vulnerable customers to make unhealthy or detrimental decisions relating to water usage in an attempt to save money e.g. not washing themselves or clothes
Allows customers and Severn Trent to better understand behaviour through data collection	Could create privacy issues, or a feeling of Severn Trent acting as 'big brother'
Delivers a positive contribution to addressing the water deficit	Could de-incentivise Severn Trent from exploring other options to address the deficit
Could help Severn Trent to identify and reduce leakage	

04 Financial impact of universal metering



Customers were given information about the financial impact of metering and possible solutions to help mitigate it

60% of Severn Trent's unmetered customers could be better off financially, or pay about the same as now, as a result of switching to a meter.

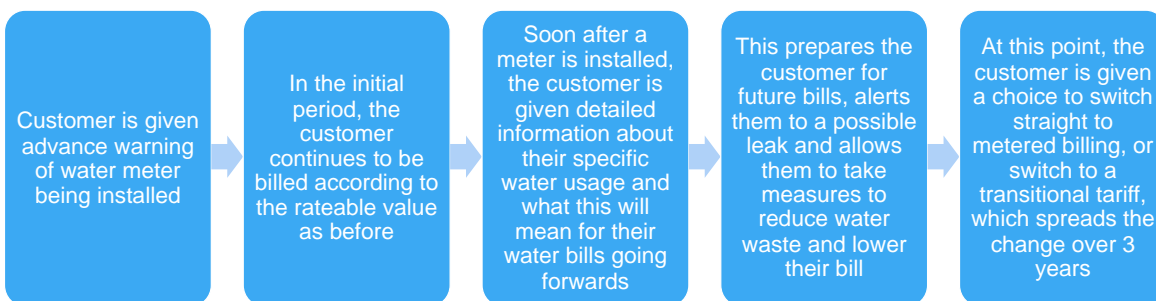
It won't be possible to know exactly how much you'd pay on a meter, until it's fitted. This is because two households of the same size could have vastly different water usage.

Every 5 years water companies submit a price review to the regulator. The price review sets out:

- What Severn Trent need to deliver (e.g. what level of performance)
- How much they should be allowed to charge their customers in total

Transitional tariffs could help people transition to the new bill amount

Some customers would feel the impact of switching to a metered supply more than others. Clear communication and transitional tariffs could help to smooth this transition. For example:



Water meters tend to reduce customer water usage – which tends to reduce bills

Informing customers about how to save water, and giving them the tools to do so, could be a key part of a universal metering strategy.

Turn the tap off when you brush your teeth.

Take a short shower instead of a bath.

Only use the washing machine when it is full.

Wash the car with a bucket of water instead of a hose

Fit a water butt in the garden to collect rain water.

Fit a water saving device in the cistern of my toilet.

Severn Trent already provides:

- Free water saving products, for example to fit to your toilet cistern
- Advice and education on how to save water, e.g. in schools and through home water efficiency checks
- Subsidised products, such as water butts

Please see appendix for the full set of stimulus used in workshops

The estimate that 60% will be better off or pay the same evokes a mixed response from unmetered customers

Some are **positive about the fact that the majority of unmetered customers will be better off financially or pay the same**, especially those who can imagine that they will be better off personally (i.e. single person households).

Others **focus on the 40% of unmetered customers who will end up paying more**; this is thought to be a **surprisingly large proportion** and many of the unmetered customers we spoke to imagined that they could end up paying more. Even when reminded that water bills are lower than other utility bills, unmetered customers tend to **assume that any bill increase could have a noticeable impact on their finances**.

"It does make me think that maybe I should be on a water meter."

Unmetered customer, 31-60+, Birmingham

"What about the 40% who won't be better off? That's not a small amount."

Unmetered customer, 31-60+, Leicester

*The sense of **uncertainty** arises as a key concern in these conversations. Knowing that customers can choose a fixed tariff **allays some concerns about bill uncertainty** but does not eradicate them completely.*

Learning about the revenue cap is reassuring, but not a gamechanger

The revenue cap **doesn't come as a complete surprise**, as unmetered customers expect strong regulation of a resource that is a basic human need. Some unmetered customers find it **reassuring**, especially those who vocalise concern that water meters could lead to price hikes.

Ultimately though, **news of the revenue cap doesn't change the feelings of those who are concerned** about themselves, and others, paying more on a water meter.

Furthermore, many unmetered customers do **not fully engage with the detail of a revenue cap**, e.g. finding it difficult to comment on and not necessarily understanding information about how shortfalls or excesses are compensated for the following year.

This suggests that the revenue cap is not a compelling proof point for communicating about universal metering.

Transitional tariffs are also generally viewed positively, however noted to only be beneficial in the short term

Unmetered customers **generally like the idea** of a transitional tariff, and feel it is a **fair compromise** between water companies and those who would be facing a higher bill on a water meter.

"Better to aim for 2040 and spread the costs a bit more, 2035 or 2040 is plenty of notice."
Unmetered customer, 31-60+, Birmingham

"It would be good to trial for six months, but ultimately I don't know how I'd cut back my usage."
Unmetered customer, 30-60+, Leicester

However, many note that whilst it offers a short-term benefit and reduces the 'shock factor' of increased bills, **it ultimately doesn't change the situation for those who are likely to struggle with bill increases** if they struggle to cut back on usage, unless their household salary also sees an increase in that time.

There is hesitancy about relying on decreasing water usage to mitigate the financial impact – support from Severn Trent is key

Unmetered customers are **positive about the idea that water meters will reduce the amount of water being used** and see the link that this could have on bills.

However, **initial concerns about the financial impact on low income families remain**. As noted previously, some worry that a higher water bill and instructions to reduce water usage could lead to **unnecessary pressure and detrimental behaviours**, such as cutting back on washing themselves or their clothes.

Communication, tips and water saving products from Severn Trent are therefore seen as critical. Information about the indirect reduction on energy bills is both **surprising and a compelling reason to reduce water usage in the context of rising energy costs**, and should also be highlighted as a key way to reduce costs.

"They just need to show me how I fit into the overall scheme and make the world better, with equal opportunities for savings."

Unmetered customer, 31-60+, Birmingham

"A child should never suffer for the cost of anything. I don't care about parental responsibility. They shouldn't suffer."

Unmetered customer, 31-60+, Leicester

The idea of innovative tariffs, such as a peak demand premium, come up spontaneously, but also raise questions

During conversations about how water meters could reduce water usage, a **few unmetered customers spontaneously suggest the concept of charging more at certain times**, similar to some energy tariffs.

However, generally these types of tariffs are not well received:

Rising block tariffs are seen to be ineffective, as unmetered customers do not see how they would affect behaviour.

Peak demand premiums are thought to be unfair and for some quite concerning, given the need for higher water usage during hotter periods and a lack of clarity over what constitutes a 'heatwave'. Some also confuse this type of tariff with similar energy tariffs, assuming that they would be charged more for water during the day and less at night.

"I try and be aware with my kids and what they use. I've started letting them have showers later than I would've because I've been thinking about peak times. It was just something I heard about gas and electric so I think it could apply."

Unmetered customer, 31-60+, Birmingham

"The idea of a peak demand is terrifying. How are we even defining a heatwave?"

Unmetered customer, 31-60+, Leicester

Schemes to help those in financial hardship are welcomed, however many customers feel they require some amendments

- The Water Sure and Big Difference schemes are welcomed; unmetered customers **expect Severn Trent to provide such support, and are broadly content that the Big Difference Scheme is cross subsidised** by other bill payers.
- However, **most note that they were not previously aware of the schemes*** and feel that Severn Trent could do more to advertise them.
 - There is a sense that advertising the schemes amongst all customers will help to allay top-of-mind concerns about the detrimental impact of universal metering on low income families.
- Furthermore, some note that the requirements of the schemes are quite strict:
 - **The requirement of three children under 19 is seen to be overly restrictive**, particularly given that many children stay living with their families past 19.
 - The household income **threshold to qualify for the Big Difference scheme is felt to be too low**, given that families on £17-20k are still likely to be struggling financially.



Many unmetered customers claim that they would be willing to have an additional bill increase to support additional customers that could benefit from the schemes if changes were to be made. However, this willingness may decrease should their own bills rise. Some feel that Severn Trent should be fronting this cost, not them.

*Those not aware may have not personally qualified, and therefore were less likely to seek out or pay attention to information

On balance, there is an understanding that financial impact is unavoidable for the overall need to address water scarcity

Although unmetered customers cite a number of concerns about metering, there is an overall recognition that they are likely a necessary action to take in order to address water scarcity. The financial impact, although unappealing for some, is not a major barrier after consideration.

"If they switched to meters, I do think usage of water would end up going down."

Unmetered customer, 16-30,
Birmingham

"If everyone has a meter and pays for what they use it seems fair."

Unmetered customer, 31-60+,
Leicester

"It seems like the only way forward."

Unmetered customer, 31-60+, Leicester

"People's attitudes will change eventually. If it's a crisis, people will do what they're told eventually."

Unmetered customer, 31-60+, Birmingham

"It's so varied house by house you're not going to be able to please everyone."

Unmetered customer, 16-30, Birmingham

A high-speed photograph of water splashing into a dark, circular container. The water is captured in mid-air, creating a crown-like shape with many small droplets. The background is dark and out of focus.

05 Practicalities of rolling out universal metering

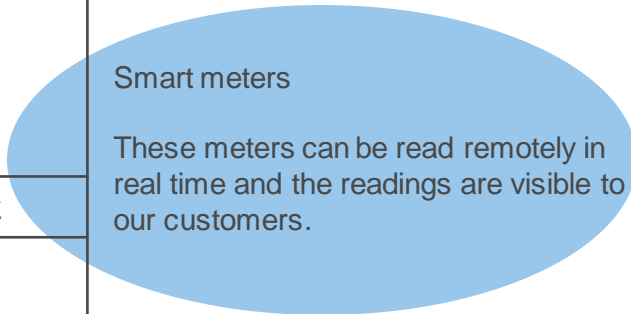
Customers were presented with four options for rolling out universal metering

Option	Cost	New water meters rolled out to customers who don't yet have them	Timeframe for roll out	Updating the non-smart water meters of customers that already have them installed
1	£	Semi-smart meters These meters require meter readers to take local reading via Radio Signal	2025 - 2035	When old meters stop working, they are replaced with semi-smart meters
2	££	Smart meters These meters can be read remotely in real time and the readings are visible to our customers.		When old meters stop working, they are replaced with smart meters . This will result in a mix of smart and semi-smart meters for a period.
3	££££		2025 – 2040 This spreads the cost over a longer time period.	Proactive replacement of old meters to smart meters.
4	££££			

Please see appendix for the full set of stimulus used in workshops

Unmetered customers are united in favouring smart over semi-smart meters

Option	Cost	New water meters rolled out to customers who don't yet have them
1	£	Semi-smart meters These meters require meter readers to take local reading via Radio Signal
2	££	Smart meters These meters can be read remotely in real time and the readings are visible to our customers.
3	££££	
4	£££££	



Positive unmetered customers see **smart meters** as a 'no brainer', believing that if Severn Trent is going to make the change, they should aim for the meters to be as **future proof** as possible.

This is also because customers recognise that some of the **benefits of water meters (e.g. data visibility)** are better supported by smart meters.

Opposed and some ambivalent customers are **less convinced of the need for smart meters**, feeling that **not everyone would want to, or be able to**, make the most of seeing data on their own usage, for example older people who are less digitally confident. However these are in the minority.

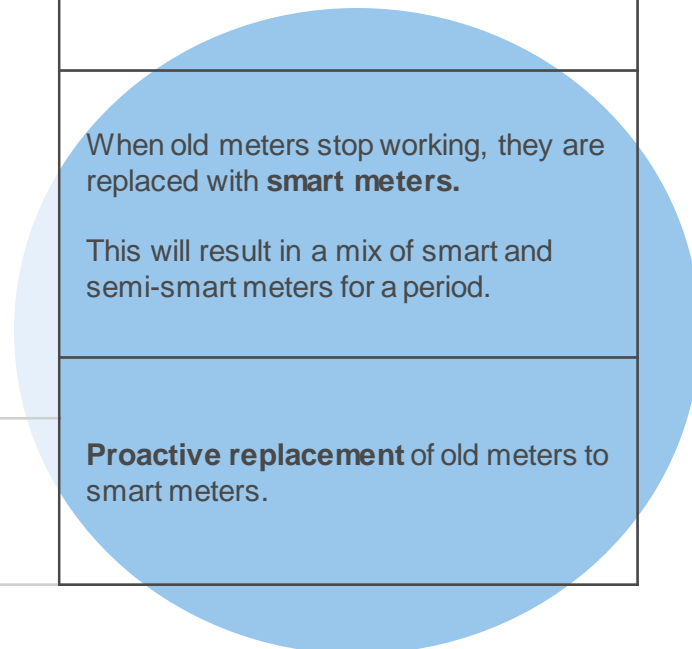
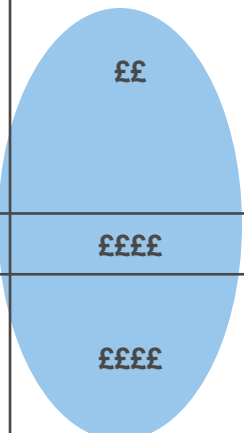
"I'd like a smart meter that I can see my usage in real time and would give me tips. I like gadgets."

Unmetered customer, 31-60+, Birmingham

This spreads the cost over a longer time period.

There are mixed responses about whether Severn Trent should aim for proactive replacements or not

Option	Cost	Customer Group	Response	Replacement Strategy
1	£	Semi-smart	Favourable customers feel that Severn Trent should proceed with proactive replacement, which is seen to achieve the benefits of smart meters quicker , especially considering the imminent water deficit.	When old meters stop working, they are replaced with semi-smart meters
2	££	Smart	Ambivalent and opposed customers think that it makes better sense to replace non-smart meters only when old meters are broken, which is seen as more cost effective and environmentally friendly . "It would require a lot of manpower to meter everyone's home and inform them about it." Unmetered customer, 16-30, Birmingham	When old meters stop working, they are replaced with smart meters . This will result in a mix of smart and semi-smart meters for a period.
3	££££	Smart		
4	££££	Smart		Proactive replacement of old meters to smart meters.



Customers favour a shorter timeframe for roll out

Option	Cost	New water meters rolled out to customers who don't yet have them	Timeframe for roll out	Updating the non-smart water meters of customers that already have them installed
1	<p>A shorter timescale is generally felt to be most appropriate, given the need to tackle the supply / demand deficit before 2045.</p>		<p>2025 - 2035</p>	<p>When old meters stop working, they are replaced with semi-smart meters</p>
2	<p><i>"The shortest time scale would be the best. There's no point waiting and leaving it to the next year trickling a few meters here and there. They've got to get it done and solve the problem."</i></p>			<p>When old meters stop working, they are replaced with smart meters.</p> <p>This will result in a mix of smart and semi-smart meters for a period.</p>
3	<p>Unmetered customer, 16-30, Leicester</p>		<p>2025 – 2040</p> <p>This spreads the cost over a longer time period.</p>	<p>Proactive replacement of old meters to smart meters.</p>
4	<p>££££</p>			

06 Communication on water meters



Customers frequently reiterate the need for education and communication alongside the roll-out of universal metering

There is an expectation for Severn Trent to deliver the following:

1

If universal metering was to be approved, it is expected that Severn Trent **should communicate immediately to let customers know of the upcoming change.**

These communications should explain the reason for the change, giving reassurances that other solutions (e.g. leak management) are still underway.

2

Further communications should then occur in line with the roll out, with people being given 6-12 months' notice before they have a water meter fitted.

There is also a need to give reassurance about practicalities, including that meter usage data will be kept private and secure.

3

Alongside this information, Severn Trent should **provide clear education and guidance about how to reduce water usage, as well as tools and devices.**

This should include practical tips and indications of cost savings, but should also be sure not to indicate that drastic measures (such as foregoing drinking water or showering) should be taken.

Customers were presented with four messages that could be used to communicate the key reasons for universal metering

You could save money

- Around 60% of customers who move to a meter will save money, or pay about the same as they do now.
- Some people will pay less immediately.
- When they see their usage, others will take steps to reduce it and then pay less.

If we don't do this, there won't be enough water to go round

- Severn Trent is actively reducing its leakage all the time.
- *Despite this*, they predict that there could be a significant shortfall by 2045.

It benefits the environment

- Metered customers tend to use less water. A meter can help to spot leaks – which can then be fixed.
- Both of these mean that Severn Trent doesn't need to take as much raw water from the environment.
- It also means they don't need to use as much energy to treat water and pump it around the region. This would also lower the company's carbon footprint.

It's fairer

- On a meter, you only pay for the volume of water you use.
- You won't be subsidising the bills of customers who waste water.
- There would be a single charging system – instead of two.
- Rateable values can be out of date – e.g. houses that have been extended can still be paying a bill that's based on the original size of the house.

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Please see appendix for the full set of stimulus used in workshops

There are two sides to the money-saving argument, with the potential for this message to backfire

You could save money

- Around 60% of customers who move to a meter will save money, or pay about the same as they do now.
- Some people will pay less immediately.
- When they see their usage, others will take steps to reduce it and then pay less.

Saving money is a compelling reason for many to switch to a water meter, but some are put off by the **uncertainty** over whether they will or will not be amongst the 40% who have to pay more.

Some point out that there would be a lot of **ill will towards Severn Trent** if unmetered customers are told that they could save money and **end up paying more**.

Given that many **can't imagine reducing their usage drastically**, the idea that the affordability of their bills is contingent on the steps they take to do this feels like **a hard sell**.

• *Despite this, they*

"If it does work out I'd be happy about it but it's not a big sell at the moment. Not knowing is worrying...I wouldn't let them install it. When its compulsory that's different but unless I know what I'm saving I wouldn't."

Unmetered customer, 31-60+, Birmingham

The water deficit is compelling, but can be interpreted as overly pushy or even threatening

You could save money

- Around 60% of customers who move to a meter will save money, or pay about the same as they do now.
- Some people will pay less immediately.
- When they see their usage, others will take steps to reduce it and then pay less.

If we don't do this, there won't be enough water to go round

- Severn Trent is actively reducing its leakage all the time.
- *Despite this*, they predict that there could be a significant shortfall by 2045.

It benefits the

It's fairer

Unmetered customers see the **potential water deficit as the key argument for Severn Trent to introduce universal metering.**

However, there is some pushback against the slightly **negative tone** of this headline, with some participants describing it as **threatening**.

And whilst unmetered customers want to hear that Severn Trent are pursuing all available options as well as universal metering, **references to leakage can raise more questions than they answer.**

- Rateable values can be out

"There's a lot of propaganda in climate change already. A lot of negativity."

Unmetered customer, 16-30, Birmingham

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Benefitting the environment is appealing, but not a universal priority

<p>You could save... If we don't do this,</p> <p>Unmetered customers respond quite well to the reasoning that universal metering will benefit the environment. Especially for some future and young customers, this is a very compelling message.</p> <p>However, not all unmetered customers are as concerned about the environment and carbon footprint, meaning that this message can land with some ambivalence.</p> <ul style="list-style-type: none"> When they see their usage, <p><i>"People care about themselves most."</i> Unmetered customer, 31-60+, Birmingham</p>	<h2>It benefits the environment</h2> <ul style="list-style-type: none"> Metered customers tend to use less water. A meter can help to spot leaks – which can then be fixed. Both of these mean that Severn Trent doesn't need to take as much raw water from the environment. It also means they don't need to use as much energy to treat water and pump it around the region. This would also lower the company's carbon footprint. 	<h2>It's fairer</h2> <ul style="list-style-type: none"> On a meter, you only pay for the volume of water you use. You won't be subsidising the bills of customers who waste water. There would be a single charging system – instead of two. Rateable values can be out of date – e.g. houses that have been extended can still be paying a bill that's based on the original size of the house.
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Fairness is a more complex argument that does not resonate for all – it doesn't feel fair for those who will pay more

<p>You could save</p>	<p>If we don't do this</p>	<p>It benefits the</p>	<h2>It's fairer</h2> <ul style="list-style-type: none"> On a meter, you only pay for the volume of water you use. You won't be subsidising the bills of customers who waste water. There would be a single charging system – instead of two. Rateable values can be out of date – e.g. houses that have been extended can still be paying a bill that's based on the original size of the house.
<p>Many unmetered customers agree that being billed according to usage is fair.</p> <p>However, for those that expect they will end up paying a higher bill, references to fairness feel disingenuous; it doesn't feel/fair on a personal level that they will suddenly have to pay more.</p> <p>In addition, references to rateable value, subsidising other customers' wastage and a two tier system of billing do not cut through. In particular, the rateable value system is a complex argument for participants to grasp (compared to the other arguments to pursue universal metering). There are also a few customers who believe that rateable value is likely still fairer, as it is closer to being means tested than being billed according to usage.</p> <p>When they see their usage, others will take steps to</p> <p><i>Despite this, they</i></p> <p><i>"If we say everybody pays for what they use it applies a strain on those who don't have money. You might have childcare costs. a student loan etc. It can be expensive to then have to pay more on water in that demographic. Doesn't seem very 'fair' to me."</i></p> <p>Unmetered customer 31-60+, Leicester</p>			

A high-speed photograph of a water splash, showing a central droplet falling into a pool of water, creating concentric ripples. A semi-transparent teal horizontal bar is overlaid across the upper portion of the image.

07 Recommendations

Recommendations

Most unmetered customers will accept the case for Severn Trent introducing universal metering, but there is a subset who will be more difficult to bring on board.

The sticking points are around:

Financial impact on low income families.

The compulsory nature of this approach.

The uncertainty about financial impact on an individual level.

Severn Trent should consider:

- Increasing the income threshold for the Big Difference Scheme so that more households are eligible.
- Advertising the schemes more widely so that even those customers who don't qualify are reassured that Severn Trent is supporting those facing financial hardship.
- Highlighting the benefits that water meters bring, e.g. giving the customer greater control over their usage.
- Using other regions that have introduced universal metering as examples of this approach working elsewhere.
- Advertising that a 2 year trial period is available in the first instance.
- Using transitional tariffs to help customers make the change.

Most importantly, Severn Trent will need to spend time and resources on **communicating** with unmetered customers about the **reason for the change** as well as **education and guidance** about how to reduce water usage.

Recommendations for communications

There are no clear winners when it comes to individual messages, but discussions indicate some rules of thumb:

You could save money

Be **cautious** about using this message; try to direct it at those who are definitely likely to save. Using it as a blanket message could irritate those who will lose out.

Accompany this with **information** about **how to save water**, and the **impact** this will have **on energy bills**, as well as **water bills**.

If we don't do this, there won't be enough water to go round

Emphasise that universal metering is **one of many solutions** that Seven Trent is exploring, and that Severn Trent is **proactively** introducing this to protect customers in the future.

Consider ways to make the tone feel **less of a 'threat'** whilst **maintaining urgency**.

It benefits the environment

Use this message on channels directed at **younger customers**.

Don't use it as a leading message for all customers.

It's fairer

Avoid references to the rateable value system and focus instead on the simple message that it is fair to pay for what you use, just like with other utilities.

Accompany this with **information about financial hardship schemes** for low income families.



Thank you

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