



**Price Review 2019
Summary Report**

INTRODUCTION TO OUR BUSINESS PLAN

Every 5 years we produce a business plan which sets out what services you can expect from us and the price you can expect to pay. price review 2019 (PR19) business plan covers the 5 year period 2020-25, and is based on what you, our customers, tell us every day; it is built on the views of over 30,000 customers.

You have told us what you value and the different ways your lifestyles rely on water. Thousands of you have talked directly to us through various channels, including our online community 'Your Water', and we have received feedback

and challenge from the Yorkshire Forum for Water Customers (the Forum), an independent challenge group responsible for ensuring your views are fairly reflected in our business plan.

WE ARE COMMITTED TO ENSURING YOU ALWAYS HAVE A RELIABLE SUPPLY OF SAFE, CLEAN WATER. WE WILL IMPROVE THE SERVICE WE PROVIDE, PROTECT THE ENVIRONMENT AND SUPPORT YOU WHEN YOU NEED IT MOST.

THIS DOCUMENT IS A SUMMARY OF THE BUSINESS PLAN WE SUBMITTED TO OFWAT, OUR ECONOMIC REGULATOR, ON 3 SEPTEMBER 2018. IT IS DESIGNED TO BRIEFLY PROVIDE YOU WITH THE MAIN POINTS OF OUR PLAN SO THAT YOU CAN SEE WHAT WE INTEND TO DO AND HOW YOUR PRIORITIES HAVE BEEN REFLECTED.

We know our previous business plan, covering 2015-20, offered you value for money and was supported by you. As we have been delivering on the commitments we made in PR14, we have asked ourselves whether we can do significantly more to ensure we meet the high expectations required of us. We have:

- Received feedback that our corporate structure was complex and difficult to understand, this causes suspicion.
- Received feedback that the way we build trust and confidence in the information we publish should be improved.
- Reviewed our performance with you, comparing it to other water companies.

We are making things better. We are radically simplifying our corporate structure by selling our non-regulated companies and have removed those registered in the Cayman Islands. This simplification will continue.

We have thoroughly reviewed all our published information, with support and expert challenge from the Forum, to make sure it is easy to read, access and understand. We have obtained the Crystal Mark accreditation on several of our recent publications, certifying the clarity of our written documents.

Most importantly, over the last two years we have held in-depth conversations with you. Innovative and traditional research techniques have helped us develop a much fuller and

richer understanding of the vibrant and diverse communities we serve. We now know in much more detail the impact we have on you and what you want and expect from us. Most of the time this impact is positive, but there are times when it should be better.

We have heard the challenges put to us, and our PR19 plan reflects them. It has been created with you at its heart; transforming the service we deliver. We are making significant improvements in key performance areas that impact you and the environment, such as leakage, internal sewer flooding and pollution. We are pushing the industry frontier in interruptions to water supplies and per capita consumption¹. We are changing how we interact with you, tailoring our services to deliver more choice.

¹This is the average amount of water used each day per person in Yorkshire



We know the cost of our bill really matters to you, so our PR19 plan ensures we remain an efficient company. This means we will sustain our position as one of the lowest water bills in the country. Through innovation, we are driving significant savings across our business so the service improvements you want and expect from us do not affect the amount we charge. We are also significantly growing the support we offer those who may be struggling to pay their bills, using data and technology to proactively identify customers who may need extra help.

We believe this plan represents a significant change that fundamentally recognises what you and society need and expect of us. We are pushing the boundaries of service improvement and efficiency for you, making sure we continuously understand the need to change.

Our plan is centred on innovation. It has been used to hold better conversations with our customers, improve our understanding of future pressures and our impact on the region. Innovation is driving performance and improving efficiency. It is making us fit for the future to serve you in ways you expect.

Our Board have been integral to the development of the PR19 plan and own the delivery of it. They have overseen a comprehensive programme of assurance to provide confidence in the quality and deliverability of the plan, and this is reflected in their signed assurance statement.

We have considered our plan carefully from a regulatory perspective. As a result, it is strongly aligned with each of Ofwat's themes and it delivers a fundamental shift in our performance, efficiency and use of innovation. We have complied with Ofwat's new requirements regarding dividend policy, performance related pay and sharing of financial outperformance.

Most importantly, the plan is based on a strong understanding of the needs and wants of customers and stakeholders, the duties and responsibilities we must meet, and our impact on Yorkshire in the widest sense. The plan is designed with you and our stakeholders at its heart, and it makes sure we are sustainably delivering value for money, protecting the environment and keeping bills affordable.

ABOUT US

Yorkshire Water at a glance



WHAT WE DO

We contribute positively to Yorkshire, reliably delivering essential public services. We provide high quality drinking water and take away and treat the region's wastewater, playing a key role in the region's health, wellbeing and prosperity



Collecting, treating and supplying around **1.3bn litres** of water every day



Investing over **£1m every day** to maintain and enhance Yorkshire's network of water pipes, pumps and treatment works



Managing **28,000 hectares of land** to protect water quality & enable recreational opportunities



Managing **£1bn of water bills** every year and providing customer service when it's needed



Collecting, treating, and safely returning to the environment **1bn litres** of water every day



Recycling nutrients and generating energy from leftover human waste



All delivered by around **3,500 employees** using a fleet of over **2,000 vehicles** and increasingly complex technology, delivering for today and planning for the long-term

We're one of Yorkshire's biggest land owners

We collect water from three main sources

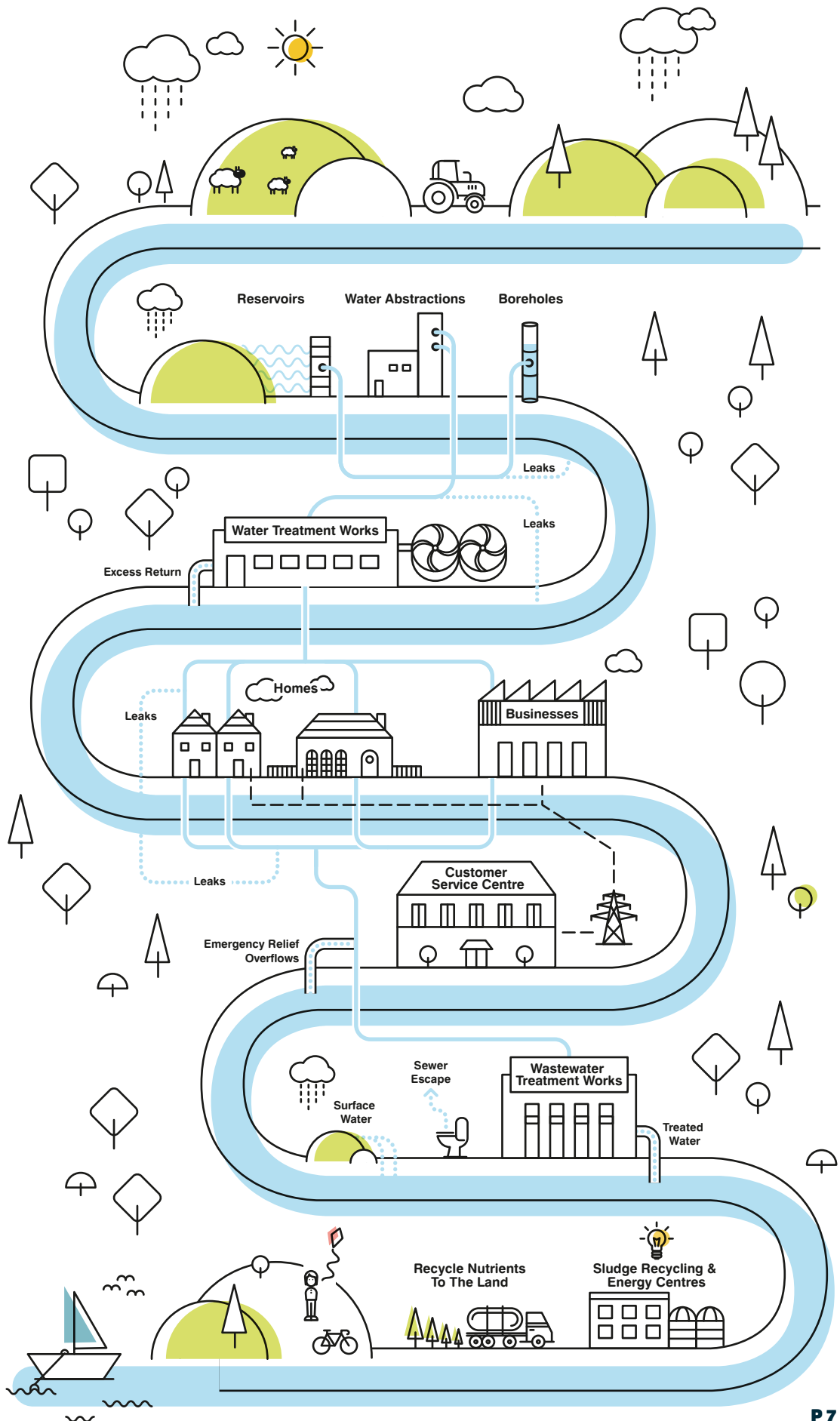
We manage 671 water and wastewater treatment works

We supply water to homes and businesses across the county

Our customer service team support our 5 million customers

We collect 1 billion litres of waste water every day

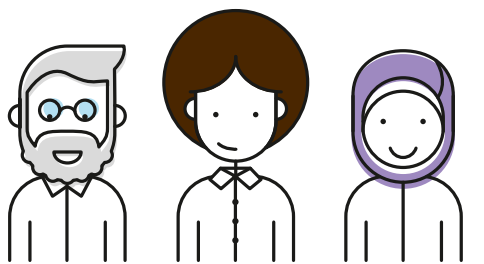
We safely return water back into the environment



OUR ENGAGEMENT

Over the course of the last two years, we have completely changed the nature of our conversations with you. Rather than the traditional approach of talking about what we do as a company, our focus has been on understanding your individual lifestyles and how they shape what you want, need and expect from your water company. We have been able to develop a much richer understanding of the diversity of Yorkshire's people, your individual needs and how best we meet these now and into the future.

Continuous customer, stakeholder and colleague engagement informs our day-to-day service delivery and has been crucial to the development of our long-term strategy and our PR19 plan. Since 2015, the scale of our engagement has become the largest and most continuous we have ever undertaken; we have conversed meaningfully with 30,000 customers while developing and refining our PR19 plan.



30,000

**CUSTOMERS
MEANINGFULLY
ENGAGED WITH**

The Forum has played a significant role, helping ensure that we are holding conversations with you and conducting research in the most effective way to fully understand your needs and expectations. The Forum has also played a crucial role in ensuring your views are translated appropriately into our PR19 plan.

You told us water plays a different role for different people; a 'one size fits all' approach is not good enough. Our customer insights programme has deepened our understanding of your individual needs.

Our engagement programme has linked customer research, service development and our performance data alongside a strengthened approach to understanding what you value most, meaning we have the fullest picture possible of your wants and expectations.

We have built our plan to reflect these wants and expectations, resulting in a plan that 86% of surveyed customers support.



86%

**OVERALL
ACCEPTABILITY**



OUR **5** BIG GOALS:

1. CUSTOMERS: We will develop the deepest possible understanding of our customers' needs and wants and ensure that we develop a service tailored and personalised to meet those needs.

2. WATER SUPPLY: We will always provide you with enough safe water, we will not waste water and always protect the environment.

3. ENVIRONMENT: We will remove surface water from our sewers and recycle all waste water, protecting the environment from sewer flooding and pollution.

4. TRANSPARENCY: We will be a global benchmark for openness and transparency.

5. BILLS: We will use innovation to improve service, eradicate waste and reduce costs so no one need worry about paying our bill. We will not waste money.

OUR PR19 PLAN HAS BEEN CREATED KNOWING:

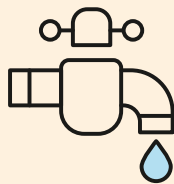
- What society and you want and expect from us.
- We need to use innovation to deliver what is needed in the most beneficial way for you, the environment and the economy of Yorkshire.
- We must challenge ourselves to deliver stretching performance targets at the lowest possible cost.

This is how our 5 Big Goals are embedded in our PR19 plan, placing customers at the heart of it.

**THE PERCENTAGE OF CUSTOMERS WHO
EITHER STRONGLY SUPPORTED OR
SUPPORTED OUR BIG GOALS:**



94%
**CUSTOMER
BIG GOAL**



96%
**WATER SUPPLY
BIG GOAL**



95%
**ENVIRONMENT
BIG GOAL**



92%
**TRANSPARENCY
BIG GOAL**



95%
**BILLS
BIG GOAL**

**OVER THE FOLLOWING PAGES WE DESCRIBE HOW
WE ARE DELIVERING EACH OF THE 5 BIG GOALS
THROUGH OUR BUSINESS PLAN.**



BIG GOAL CUSTOMERS



WE WILL DEVELOP THE DEEPEST POSSIBLE UNDERSTANDING OF OUR CUSTOMERS' NEEDS AND WANTS AND ENSURE THAT WE DEVELOP A SERVICE TAILORED AND PERSONALISED TO MEET THOSE NEEDS.

We want to know the people living in Yorkshire better so that we can be sure we offer and deliver what is needed to provide a much more inclusive service, reaching more people who need our support.

We serve a diverse community and we need to reflect the diversity of our customers' requirements of us. We know that at least 30% of our customers have individual, specific needs that we must meet.

WHAT ARE WE DOING?

Building on our pioneering data sharing arrangements to give us an even better understanding of the needs of our diverse population.

Using our customer segmentation model to tailor services to you through a choice of communication channels and an 'always on' service.

Driving culture change through our inclusive customer service strategy, so that we take a

broader role in society and play our part in protecting those in circumstances that make them vulnerable.

Significantly raising awareness of our priority services and the satisfaction of those who receive them.

Continuing to engage with you, so that we continue to know what you want and expect from us and can be sure we are getting it right.

Improving our digital offer, so you can access our services, select convenient appointment slots, track the progress of jobs and inform us of any specific needs via your mobile devices – just like you can with other service providers.

Retaining an excellent telephone service, as we know some of you prefer this way of communicating.

Providing opportunities for you to self-serve through increased automation, allowing our teams to spend more time dealing with complex issues or those who need a little extra help.

HIGHLIGHTS

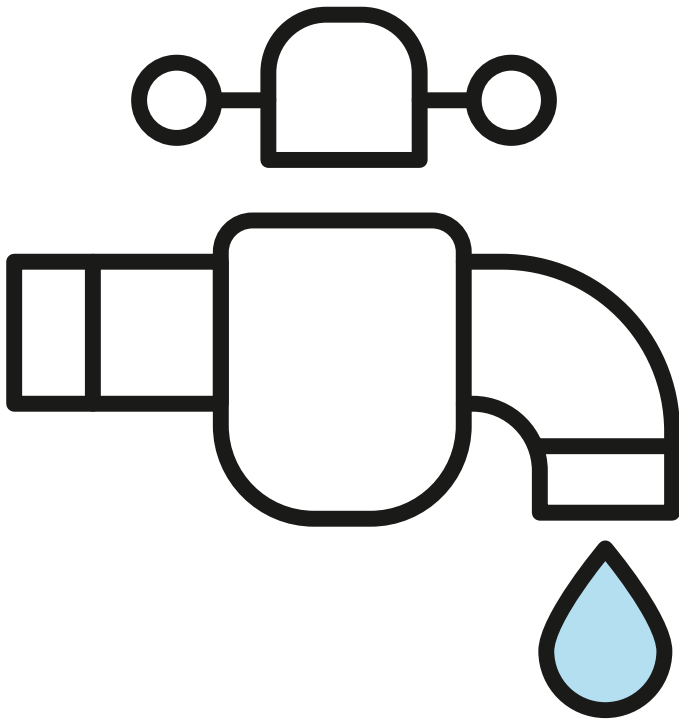
95%
priority services
satisfaction by 2025.



Appointment of
the Safeguarding
Officer – an
industry first.



Expert
assessed
inclusive customer
service strategy.



BIG GOAL **WATER SUPPLY**

WE WILL ALWAYS PROVIDE YOU WITH ENOUGH SAFE WATER, WE WILL NOT WASTE WATER AND ALWAYS PROTECT THE ENVIRONMENT.

Water remains a precious resource. You have consistently told us that a reliable and sustainable supply of high-quality drinking water, at an affordable price, is your priority. Water is not just essential for drinking and washing. It is essential for producing food, generating energy and creating products, such as cars and computers. It is needed for our hospitals, our schools and

for the companies that create Yorkshire's vibrant economy.

The population is increasing and the economy in Yorkshire is growing. Climate change brings uncertainty over future supply and consistency of rainfall patterns. We want to always have enough water in Yorkshire.



WHAT ARE WE DOING?

Reducing leakage by 40% between 2018 and 2025 and targeting industry leading per capita consumption, making us more resilient to the effects of population growth and climate change.

Looking to become a leader in water supply interruptions, as we know the significant and varying effect that interruptions can have on you.

Increasing the volume of water recycled, by re-using process water at our treatment works and working with industry to reduce demand for drinking water by using recycled wastewater.

Introducing catchment management initiatives to sustainably improve the quality of our raw water while delivering environmental benefits too.

Exploring the use of markets. We are the driving force behind the creation of Water Resources North, a forum investigating opportunities and


infrastructure requirements to trade water across the country.

Removing lead exposure by targeting the pipes that connect your homes and businesses to our network for repair or replacement. During the 2020-25 period we are removing lead water quality risk on supplies to nurseries and schools across Yorkshire.

Developing our SMART water network, so we can proactively avoid problems, such as leaks or bursts, minimising possible service impacts on you.

Guided by our cutting-edge business resilience framework, we are using our water treatment resilience dashboard to inform decision making, allowing us to measure and target investment to enhance our resilience in the most efficient and effective way.

HIGHLIGHTS



INDUSTRY LEADING

<p>WATER SUPPLY INTERRUPTIONS (reducing from 7 mins to 2 mins lost per property)</p>	<p>PER CAPITA CONSUMPTION with ambitious plans to reduce this further.</p>	<p>RESILIENCE TO DROUGHT planning to 1 in 500 year drought events.</p>
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40% REDUCTION IN LEAKAGE BETWEEN 2018 AND 2025.

BIG GOAL **ENVIRONMENT**



WE WILL REMOVE SURFACE WATER FROM OUR SEWERS AND RECYCLE ALL WASTEWATER, PROTECTING THE ENVIRONMENT FROM SEWER FLOODING AND POLLUTION.

Our extensive research tells us that you expect us to prevent sewage escapes damaging your homes and the environment, you support improvements to Yorkshire's rivers and expect us to keep bills affordable.

Our environmental system must be fit for the next generation. Climate change brings uncertainty over future weather patterns and a growing population in Yorkshire will put additional pressure on our sewer systems.



WHAT ARE WE DOING?

Targeting significant performance improvement in areas that have the greatest impact on Yorkshire's people and environment: internal sewer flooding¹ and pollution incidents².

Delivering our largest statutory environment programme for over 20 years. Alongside this, we will continue to work with the Environment Agency to design alternative, value-adding ways to deliver environmental improvements to Yorkshire's rivers.

Working collaboratively with others, for example through our Living with Water partnership, which is affordably addressing long term sewer capacity issues with blue-green infrastructure, increasing Hull's resilience to flooding and providing social and environmental benefits.

Focusing on demand management solutions, such as reducing water consumption or keeping

rain water out of the sewers, to prevent sewers from becoming overloaded and reduce the need for costly treatment.

Recycling all the wastewater we collect to the highest environmental standards without polluting or flooding.

Recovering the greatest value from the by-products of our treatment processes, for example producing renewable energy from the biogas we create.

Raising awareness to help everyone know the impact of putting the wrong things into the wastewater network, such as fats, oils and greases (FOG), wet wipes and food waste.

Developing our SMART wastewater network, so we can proactively avoid problems, such as leaks or bursts, minimising possible service impacts on you.

HIGHLIGHTS

<p>70% REDUCTION in internal sewer flooding between 2018 and 2025.</p>	<p>50% REDUCTION in pollution incidents between 2018 and 2025.</p>	<p>100% COMPLIANCE with the Biosolids Assurance Scheme.</p>
<p>280kT CO₂e CUT from our forecast carbon footprint over 2020-25.</p>	<p>78% INCREASE in renewable energy generation by 2025. <small>(491 GWh in 2025 alone)</small></p>	

¹Where sewage escapes our assets and enters someone's

²Where sewage escapes our assets and enters the land or water environment"

BIG GOAL TRANSPARENCY

WE WILL BE A GLOBAL BENCHMARK FOR OPENNESS AND TRANSPARENCY.

Most customers cannot choose their water company. We provide an essential public service as a private company and therefore you rightly expect even more from us. We owe it to you to earn your trust and we want you to be confident that we are being straightforward about our performance.

You have a right to know that we are operating to the highest standards of probity and integrity. We are working hard to make sure we are open about our business, how we operate, our structure and who owns us.





WHAT ARE WE DOING?

Fulfilling our commitment to being fully transparent and an open data company, we are giving you access to our performance data, annual reports and strategic documents, all to be stored in one dedicated place.

In partnership with Open Data Institute Leeds, we are encouraging outside experts to look at our operational performance data and identify new and innovative solutions to traditional industry issues, stimulating innovation and learning more about our own performance.

Embedding sustainable accounting across our business through the [six capitals](#), quantifying the impact of projects and decisions beyond solely financial assessments. Enhancing this, we have undertaken and published our first Total Impact and Valuation Assessment, enhancing our understanding of our impact on you and the environment.

Openly and transparently reporting the fair pay structure and award of our executives.

Ensuring the right balance of risk and reward between company and customers, including a proposed dividend policy that is transparent and rewards investors appropriately.

Having achieved Crystal Mark accreditation on several of our recent publications, continuing to ensure our published information is easy to read, access and understand.

Looking beyond our direct activity, we are working with our strategic suppliers to increase the transparency of all the links in our supply chains. With the ability to trace the flow of materials and services back to raw materials and original suppliers, we can be completely confident in the integrity and resilience of our supply chain.

HIGHLIGHTS

<p>BY 2020 WE WILL BE AN OPEN DATA COMPANY as detailed in our Openness Charter.</p>	<p>SIX CAPITALS accounting and reporting.</p>	<p> CRYSTAL MARK ACCREDITATION</p>
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BIG GOAL BILLS



WE WILL USE INNOVATION TO IMPROVE SERVICE, ERADICATE WASTE AND REDUCE COSTS SO NO ONE NEED WORRY ABOUT PAYING OUR BILL. WE WILL NOT WASTE MONEY.

We aim to deliver great customer service at a price you can afford. It is vital that you consider that you are getting value for money.

We will constantly look for better ways of doing things so that we can continually reduce costs and use less resources, while maintaining highly resilient services and growing the value we give to the society we serve.



WHAT ARE WE DOING?

Setting ourselves our largest ever efficiency challenge to reduce costs.

Fostering a culture of innovation and transformation to reduce the cost of running our business while delivering the service improvements you want.

Introducing an industry first; a promise that every customer bill will be reviewed annually, ensuring you can access the best tariff for your circumstances.

Increasing the financial support given to those who are struggling to pay their water bill.

Continuing our industry leading bad debt performance by focusing on debt prevention, for example working collaboratively with credit reference agencies to identify those likely to fall into debt and looking at ways to highlight our support schemes to them.

Increasing our activity to identify and pursue fair payment from those occupying properties that are not registered to our billing system.

Using digitisation and automation to reduce the costs of running our business.

Focusing on demand management, so we will abstract, treat and transport less water and collect and treat less wastewater, keeping bills low for all.

Working with markets, collaborating with partners to increase the levels of innovation and efficiency in service delivery.

Becoming the first water company to implement a corporate computer system called SAP S/4 HANA. This will help us better collect and analyse data, providing significant process improvements.

Using our leading-edge [Decision-Making Framework](#) (DMF), we are making the best overall decisions, ensuring we do not waste money and can keep bills low.

HIGHLIGHTS

**£800
MILLION**

efficiency savings identified in our plan
- OUR LARGEST EVER.

REVIEWING

every customer bill annually, to determine if they are on the Best Tariff.

80%

of our Bioresources capital programme market tested.

**DELIVERY OF OUR
LARGEST ENVIRONMENT
PROGRAMME IN OVER
20 YEARS.**

**50,000
CUSTOMERS**

financially supported per year during 2020-25.
(up from c28,000 in 2017/18)

YOUR BILLS

It is essential for us to remain financially viable and resilient; the balance of risk and return needs to be appropriately set to provide us with the financial stability needed to deliver the service you want and expect.

You have told us that we need to keep bills affordable. We work hard to keep bills as low as possible. To do this we constantly look for ways of doing things better, so we can continue to reduce costs, borrow less and use fewer resources while maintaining a high-quality resilient service.

Our track record in cost efficiency is very strong. We have consistently been assessed as a leader in cost efficiency. This is one of the main reasons why we have been able to deliver one of the lowest bills in the industry for you. For 2020-25 we have identified over £800 million of efficiency savings based on our costs now, which is the biggest efficiency programme we have ever undertaken.

In Yorkshire we need to make a significant investment to meet the environmental obligations set out in the Water Industry National Environment Programme (WINEP). This investment means that we are having to increase bills by £14 over the 2020-25 period.

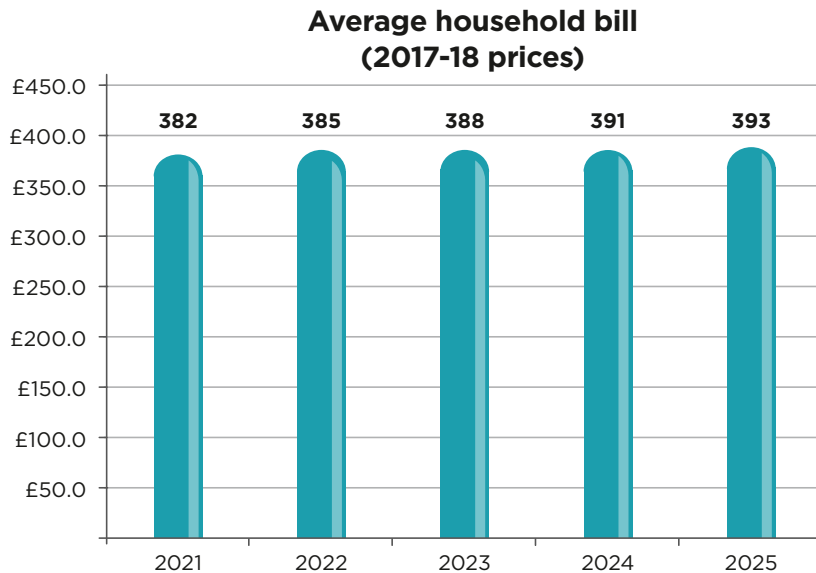
Without the WINEP obligations we would have been able to reduce bills by £9 over the 2020-25 period.

We have asked customers about this increase and been told that customers agree we should be carrying out work to protect the environment. The response has been overwhelmingly favourable, with 86% of customers surveyed accepting the bill increase.

While customers have accepted this bill increase, they have told us that they would prefer that we smooth this £14 increase over the 5 years from 2020 - 2025. We propose to do this by increasing the bill every year by £2.80.



THE GRAPH BELOW SHOWS THE BILL INCREASES OVER THE 2020 TO 2025 PERIOD.



This plan is based on a strong understanding of the needs and wants of customers and stakeholders, the duties and responsibilities we must meet, and our impact on Yorkshire in the widest sense. The plan is designed with you and our stakeholders at its heart, and it makes sure we are sustainably delivering value for money, protecting the environment and keeping bills affordable.

To find out more about our PR19 plans
please visit our dedicated website:

www.itsnotjustwater.co.uk

YORKSHIREWATER.COM

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