Yorkshire Water Services Limited

Annual Performance Report 2022/2023

Published July 2023

Navigating this document

Contents page

Our contents page links to every section within this document. Clicking on a specific section will instantly take you to it.

1 Click on the contents button to return to the contents page.

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There are also many other clickable links within this document which we've made easy to spot by underlining and **highlighting** them in blue. If you click on one of these links, but then wish to navigate back to the page you were viewing previously, simply click the 'Back' button at the top of the page.

Reading our APR

Our Annual Performance Report (APR) is designed to be read on screen using a PDF viewer. You can print our APR if you prefer, but because it's a long document you may wish to print in black and white and use the contents page to print the sections you wish to read.

Definitions

We have included definitions on the same page as the content to make it easier to understand. You can find our full regulatory glossary on our reports webpage:

yorkshirewater.com/reports

Welcome to our 2022/2023 Annual Performance Report

This is our third Annual Performance Report (APR) for Asset Management Period (AMP) 7 and it covers the period from April 2022 to March 2023. It tells our customers and stakeholders about the progress we are making to deliver our commitments as well as providing information on our service levels, cost information and financial performance. This Annual Performance Report provides information required by Ofwat (the Office of Water Services), the body that regulates the water sector to protect customer interests.

Definition

AMP

An 'Asset Management Period' is the term given to the five-year period covered by a water company's business plan. AMP1 refers to the first planning period after the water industry was privatised and this covers the period from 1990 to 1995. We are currently in AMP7, which covers 2020 to 2025 and we report on our performance in the financial year 2022/2023 in this APR.

Get in touch with us

We welcome your comments and feedback on our Annual Performance Report. If you have any questions, comments or would like to give us feedback on our Annual Performance Report or any of our other publications please get in touch with us using the contact details on this page.

Please do not hesitate to get in touch if you would like a paper copy of this report.

You can contact us in the following ways:

Email us
publicaffairs@yorkshirewater.co.uk

Sending comments via our website link
yorkshirewater.com/get-in-touch/

Facebook message us
@yorkshirewater

Or posting them to us
Western House,
Western Way,
Bradford, BD6 2SZ

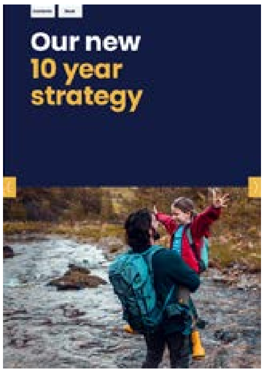
Contents

We've created colour-coded sections to help you to navigate this report easily. Just click on the section you are interested in on the contents page, and it will navigate you to that section.

The report is structured as follows:

Finding important information in our annual performance report

This report is quite long. We pack this report with useful and important information. So, to help you find what you're looking for, we created a list of the highlights from each section.




Summary of our overall financial performance


Statement on sufficiency of financial resources and facilities


Statement on executive pay and performance


Guarantees or other forms of security by the appointee
Transfer of any corporation tax group losses by or to the appointee

1. Introduction

Foreword

Welcome to our 2022/2023 Annual Performance Report which covers the period from April 2022 to March 2023.

It tells our customers and stakeholders about the progress we are making to deliver our commitments as well as providing information on our service levels, cost information and financial performance. This Annual Performance Report provides information required by Ofwat (the Office of Water Services), the body that regulates the water sector to protect customer interests.

In April 2020 we started AMP7 – this is our business plan for the period 2020-2025. Our AMP7 plan sets out how we will maintain and improve water and wastewater services in Yorkshire to make sure they are resilient and sustainable.

For AMP7, we have 44 performance commitments. In this report you will be able to see how we are doing in terms of delivering on our performance commitments.

We hope that you will find this report useful and engaging.

We always value your feedback on how we can improve our annual reporting – you can find details about how to contact us on page 4.

Chair's statement

In my second year as chair of Yorkshire Water, we continue to experience intense public and political focus on the water sector, with attention not only on the performance of our physical assets, but also on company financial resilience and our ability to invest for the future. We are keenly aware of our responsibility to deliver resilient services for our customers, and I am pleased that despite significant challenges across the 2023 financial year, we have maintained a robust financial position with the ability to invest in our assets and to contribute to the long-term health of our operating region. Nevertheless, there remains much to do.

Detail on the operational response to challenges which emerged during the financial year, including drought, significant customer impacting incidents and rising energy costs, is provided in the Chief Executive's report. However, the resource and budget impact of these events has been significant, and I am grateful to our colleagues who went above and beyond to mitigate impacts to the public and to our core operations.

Financial resilience

In response to changing economic and regulatory environments, our shareholders have committed further funds to support the business. This includes additional funding to reduce overflow discharges to waterways by 2025 (c.£100m), support for our customer financial support schemes until 2025 (c.£15m) and funding to secure the long-term financial resilience of the company (c.£940m by 2027). The first instalment of the overall financial resilience payments due, of £400m was received in June 2023.

I'd like to thank our shareholders for their support, both in the past financial year but across this five-year investment period, in which they have not received a dividend payment from the Kelda Group. Dividends paid by Yorkshire Water have paid costs including debt interest at the Kelda Group level.

Focus on performance improvement

As we approach the final two years of our current Asset Management Period (AMP7) which runs from 2020 to 2025, the Board and Executive team are committed to improving our performance, as well as finalising an ambitious business plan for AMP8 (2025 to 2030), which we will submit to Ofwat in October 2023.

We have engaged, and will continue to engage closely, with both our regulators and stakeholders to communicate the true scale of the investment we believe is required to maintain our water and wastewater network, as well as to deliver the significant enhancement work required. Working with our Chief Executive Officer (CEO), Nicola Shaw, the Board continues to make the case for water companies to be given the resources needed to deliver a successful AMP8 and to provide resilient infrastructure to serve our customers.

Strategy

Our business planning process has been accompanied by the development and launch of our new corporate strategy. Whilst our teams continue to ensure the delivery of great services to our customers – including some of the highest quality drinking water in the world at low cost – there is more we can do in certain areas. Our strategy will allow that to happen.

The strategy contains a clear vision for our company, which is to help deliver a thriving Yorkshire, with results which are right for our customers and right for the environment. To do this, we are ensuring that the business is set up to achieve a high level of performance across all areas of our operations. This strategy will provide a clear ambition for our business at all levels and deliver improved performance for customers. More detail is provided in the Our corporate strategy section, within our Annual Report and Financial Statements (ARFS), viewable here: yorkshirewater.com/about-us/reports/

Whilst much of our company's work is not high profile, from peatland restoration to habitat restoration, it is crucial that this important work continues. I can assure you that as we move forward, the Board and our Executive team remain committed to the achievement of positive results for our customers across all areas of our work, as well as the delivery of our corporate vision to support a thriving Yorkshire.

Board changes

On behalf of the Board of Directors I would like to thank Ray O'Toole, who is leaving our Board in July after nine years as an Independent Non-Executive Director. Ray joined the Board in 2014 and served for five years as Senior Independent Director between 2017 and 2022. Ray brought valuable experience to the Board, particularly from roles in the transport sector including as UK CEO for National Express plc and Chair of Stagecoach plc. We are all grateful to Ray for his important contribution to Yorkshire Water during his time on the Board.

We welcomed Wendy Barnes as an Independent Non-Executive Director in November 2022. Wendy has a significant breadth of knowledge from the utilities sector as well as in regulation, cyber security, customer service and change management. She is a Non-Executive Director with Scottish Power and supports government in the area of cyber governance and has held several non-executive roles with organisations including OCS Group, BMT Group, several government departments, including the Met Office, and was an interim Director General in Department for Energy and Climate Change. Wendy has been a positive addition to the Board, and I look forward to her ongoing contribution.

Thank you to all those who have contributed to our work at Yorkshire Water in the past year, from our colleagues and contractors, partners in many areas of the county and different aspects of our delivery, to members of our customer forum. Their contribution has ensured that we have weathered the challenges the business has faced, as well as setting the foundations for long-term success.

Vanda Murray

Vanda Murray OBE DBA
Chair
14 July 2023

Chief Executive's report

Having served as CEO since May 2022, I have been fortunate to witness the commitment of Yorkshire Water colleagues to achieving positive results for our customers, the wider region and our business. That commitment has been important during a turbulent 2023, which has included severe drought, inflationary pressures and the water sector remaining high, mostly in a negative way, on the media and political agenda. During this period of challenge, we have also reviewed where the business wants to be in the longer term and what needs to change for us to get to that point. This has led to a series of new initiatives which are included in this report.

Planning for improved performance

Across April and May 2023, we launched our new corporate strategy, which sets out how Yorkshire Water will play our part in delivering a thriving Yorkshire, with results that are right for customers and the environment. I know that our customers expect that we will be a consistently high performing organisation, and our strategy provides the pathway for that to happen.

Whilst the strategy stretches until 2033, we know that we operate in a regulated sector, working within a regulatory framework that is set externally. With growing expectations from our customers, media and Government, there is an increased need for close engagement between companies and regulators to ensure that companies are provided with the resources they need to meet those expectations. Together with our Executive team, I continue to engage with our regulators regarding the need for significant investment across AMP8 and AMP9.

A key focus of our strategy is finding improvement through new ways of working and modernisation.

For example, our Modernisation programme has seen the company ring-fence customer work in the Bradford wastewater area so we can trial new ways of working to deliver better service to our customers. The learnings from this project, along with other projects under the Modernisation programme, will be swiftly scaled up and introduced to the wider business.

We have also undertaken a business-wide compliance review during the year, the result of which has been to set-up a new, centralised Compliance team with responsibility for rolling-out a singular compliance framework across the business and embedding a consistent compliance culture across all levels of the organisation. Progress on this is being regularly monitored by our Executive team and the Board.

Supporting our customers

At Yorkshire Water we provide some of life's most essential services to the people and businesses of Yorkshire, playing a key role in the region's health, wellbeing, and prosperity. We do this by supplying water and wastewater services to over five million people and 140,000 business properties, as well as being custodians of essential infrastructure and many important environmental sites.

Largely due to external pressures on customers during 2023, we have seen an impact on an increasing number of customers' ability to pay their water bill. This has led to an increased reliance on our social tariff options, and I'm pleased that our shareholders responded to this challenge with an additional £15m commitment for support with bills through to 2025. It brings total support for customers to £115m across the five-years of AMP7. We are supporting 48,000 customers through our WaterSupport plan; 29,000 more than in 2020. The additional funding has, at the time of writing, provided cost of living payments to c60,000 customers of up to c£70 per customer, and provided a reduced social tariff annual bill for 2024 of over £90 reduction per customer.

We have also needed to support our customers when significant incidents have disrupted their lives. An incident in Stannington in December 2022 was particularly of concern after water from a Yorkshire Water pipe entered the gas network, causing a loss of gas supply to residents. Unfortunately, the loss of supply lasted up to a fortnight in some cases and coincided with a period of cold weather.

Our team worked closely with partners to respond swiftly to this incident. We have also provided a bespoke package of support to residents, with the replacement of household appliances where required. I am proud of the way our team responded, and we will continue to work with partners on lessons that can be learnt from the incident and to resolve outstanding customer cases.

Regional resilience to climate events

We've continued our commitment to working in partnership across Yorkshire, with Yorkshire Water colleagues closely involved in projects such as with the multi-agency flood mitigation partnerships, Living with Water and Connected by Water.

In January 2023, an innovative Living with Water scheme began at Rosmead Street in Hull, with the installation of an entirely permeable residential street at risk of flooding. The scheme, delivered with the support of partners including the local council, is a demonstration of how the water sector can help deliver wider benefits for our customers, including increased resilience from extreme weather events.

This financial year we experienced the first drought in Yorkshire for more than 25 years, including the lowest recorded rainfall in parts of the county since records began 130 years ago. Whilst the mix of raw water sources across the region provided increased resilience, the unusually dry and hot weather meant that our reservoir stocks dropped swiftly throughout Spring and Summer.

As a result of the drought, Yorkshire Water responded through increased pumping of raw and treated water around the region, increasing our leakage response capability, worked with our customers to reduce their consumption where possible, and by laying some temporary pipework to support some of our reservoirs. We increased our focus on reducing leakage to protect resources, something which was made more difficult by the dry and hot weather leading to ground movement which damaged pipes. We estimate that this atypical expenditure led to an additional c.£25m of costs. In August 2022 we made the decision that it was necessary to implement a Temporary Use Ban (TUB – commonly known as a hosepipe ban) across the region to protect supply to our customers. This also allowed us to apply for drought permits in the Autumn, allowing us to extract more water than usually permitted from rivers. Fortunately, there was significant rainfall during Autumn, and we were able to withdraw the TUB in December 2022.

In mid-December we experienced a very different challenge on our clean water network, as a period of freezing weather was immediately followed by a warmer spell. This sudden change in temperatures caused performance issues for the water sector across the UK, with increased leakage and associated disruption to supply. I am pleased to say that in Yorkshire we did not see any extended supply outages given our quick response.

I remain grateful for the work of our colleagues and contractors across these weather events, and their hard work clearly resulted in better outcomes for our customers.

Our impact on waterways

We have a duty to our customers and the environment to do more to reduce discharges to waterways from our combined sewers and wastewater treatment works. Government, our regulators, the media, and the public all expect us to take action, and we are committed to doing so. In Yorkshire we have the second highest number of overflows of any water company in England. We therefore have a big job to meet the Government's Storm Overflow Discharge Reduction Plan targets by 2050, but it is one we are committed to achieving and to going faster if possible.

In October, our shareholders approved a further £100m of funding into Yorkshire Water to allow the acceleration of investment in overflows. That £100m (plus another £80m contributed from customers) will be invested by April 2025. By this date, we intend to reduce spills by at least 20% against our 2021 baseline.

Following intense public and political focus on this topic, there is clearly much more to do to restore confidence in the water sector's impact on waterways. I have made a formal apology on behalf of Yorkshire Water, supporting a nationwide apology by Water UK, and acknowledge that we should have acted quicker to change the situation and should have a system that befits the 21st century. There is tireless work by colleagues to do the right thing for our customers and the environment and we have a plan in motion to improve Yorkshire's river and coastal waters.

Financial performance

Throughout Summer 2022 we held discussions with Ofwat in relation to our financial resilience. I am pleased that in October 2022 we agreed a resolution to the Section 203 investigation around financial resilience, which will result in a loan of c.£940m from Yorkshire Water to its parent company Kelda Eurobond Co. Limited being repaid through further investment by our investors to Yorkshire Water by 2027. The first instalment of £400m was received in June 2023, shortly after the financial year end.

In February we raised two bonds totalling £500m, the vast majority of which reduced other bond debt and the remainder targeted our Revolving Credit Facility (RCF) debt. This was Yorkshire Water's largest bond transaction in over a decade – we were hugely oversubscribed, with significant global investor interest.

Our revenue has increased year-on-year by £26.2m, largely due to allowed inflationary price increases. We have experienced some significant cost pressures in the year leading to operating expenditure of £908.0m (2022: £876.2m). This increase is largely due to sharp increases in energy, chemicals and weather-related event costs as noted above, together with costs associated with our business re-organisation programme.

As a leadership team, we have been working hard to manage these cost pressures, with our budget for the next financial year containing significant operating cost reduction measures. This work includes our Modernisation programme, a considerable focus on managing energy costs through forward contracts, further investment in solar power, and identifying renewable energy opportunities.

Changes to the leadership team

In February 2023 Chris Johns stepped down from his role as Chief Financial Officer (CFO). I would like to extend my thanks to Chris for all the work he has done during his time at Yorkshire Water, especially managing the organisation through the challenges of COVID-19 and the issuance of the £500m bond in February 2023. On 1 March Paul Inman took over from Chris as CFO, joining the company from BAE Systems. Paul brings strong operational experience, having led a number of transformation programmes and has undertaken general management roles in asset health monitoring and maintenance, repair and overhaul.

Zoe Burns-Shore also stepped down from her role as Director of Customer Experience and left the business in April 2023. Zoe made significant improvements to the customer experience function during her time, and I wish her all the best for the future.

Earlier in the financial year Richard Emmott, our Director of Corporate Affairs, and Mark Horrobin, our Chief Transformation Officer, also left the business to pursue other opportunities. I would like to thank Chris, Zoe, Richard and Mark for welcoming me into the business and I am very grateful for all their hard work and support.

Looking ahead

We know that the commitment of our colleagues and the investment in our assets have a significant positive impact on Yorkshire. But we know we could do more, and that is why my priority for the coming financial year will be delivering on our new strategy and ensuring that Yorkshire Water contributes to a thriving Yorkshire, and that our activities are right for customers, and right for the environment.

Nicola Shaw, CBE
CEO
14 July 2023

Supporting publications

We publish a suite of documents alongside our Annual Performance Report which provide additional information on our services and performance.

Regulatory Glossary

Sometimes we use words that are specific to the water industry. We've put the most frequently used words here into the Regulatory Glossary.

yorkshirewater.com/about-us/reports/

Yorkshire Water Annual Report and Financial Statements

Our Annual Report and Financial Statements (ARFS) provide information on our financial performance and how we are progressing with strategic business objectives.

yorkshirewater.com/about-us/reports/

Kelda Eurobond Co Ltd Accounts

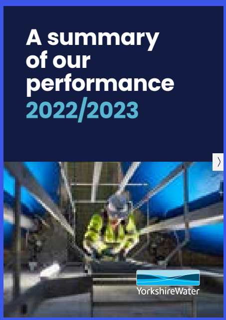
Kelda is the owner of Yorkshire Water.
This publication provides information on Kelda's performance.

keldagroup.com/investors/document-library/

Risk & Compliance Statement

Our Risk and Compliance Statement provides confirmation that we have complied with the requirements of our licence to operate as a water supplier and the requirements set out in law.

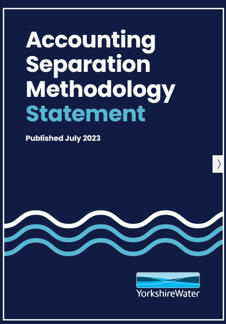
yorkshirewater.com/about-us/reports/



Our Performance Summary

This is a summary of our how we have performed against our performance commitments.

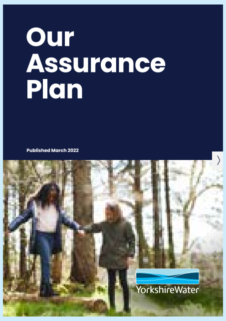
yorkshirewater.com/about-us/reports/



Accounting Separation Methodology Statement

This document includes the enhancements made to processes this year and details the methods of the allocation of totex costs between price controls, as well as the allocations for the upstream services.

yorkshirewater.com/about-us/reports/



Assurance Plan

The Assurance Plan explains our approach to how we check our information so that you can have trust and confidence in the information we publish in our APR.

yorkshirewater.com/about-us/reports/

Supporting websites

We can't always fit all the information we would like to into our APR, instead we reference websites which contain useful supporting information.

Our websites

Our reports
We'd like to let you know how well we're getting on, on all the key parts of the service we provide. You can find all our regulatory reports here on this page.
yorkshirewater.com/about-us/reports/

Our performance
We want to let you know about how we're doing in delivering water and waste services and how we're operating as the leading responsible business that we strive to be. We put our customers at the heart of everything we do. Throughout the year you can see how we're performing against the performance commitments that matter to you.
yorkshirewater.com/about-us/our-performance/

Our business plan for 2020-2025
Over the last couple of years, we have been developing our business plan for 2020 to 2025 with our customers and stakeholders. You can read all about it here on this page.
yorkshirewater.com/about-us/our-business-plan/

Yorkshire Forum for Water Customers
This webpage provides details of the membership of the group, minutes of recent meetings and information on the challenges which the Forum have provided to Yorkshire Water. It also includes the independent reports published by the Forum.
yorkshirewater.com/about-us/yorkshire-forum-for-water-customers/

Corporate governance and structure
This webpage provides information on the members of the Board, our company structure chart and corporate governance terms of reference and policies.
yorkshirewater.com/about-us/corporate-governance-and-structure/

These webpages can be found on our 'About us' webpage.
yorkshirewater.com/about-us/

External websites

Discover Water
Some of our information is published on the Discover Water website, allowing customers and stakeholders to see comparative performance between water companies easily. **discoverwater.co.uk**

Ofwat
Ofwat also publish information about how companies are performing in reports and publications. These can be found by visiting **ofwat.gov.uk**

Consumer Council for Water (CCWater)
CCWater is the independent voice for water consumers in England and Wales. Since 2005, they have helped thousands of consumers resolve complaints against their water company or retailer, while providing free advice and support. The publish a number of reports, including information on how all companies perform with regards to the areas that matter most for customers. You can find out more about them on the link: **ccwater.org.uk/**

Open Data

What is Open Data?

Open data is data that is made publicly available to used, re-used and shared by anyone. Data is typically provided without conditions of use to private and commercial users alike. Data is provided with ease of access and use in mind, for Yorkshire Water, this means publication online in a accessible format.

Why is it important?

Open data is useful for sharing aspects of company performance with a wider audience and can create positive results in terms of engagement and trust. Sharing data more broadly allows a number of stakeholders to review and use our data, this has the potential to create collaboration between interested users and groups and Yorkshire Water.

Characteristics

Building the Foundations: We have embarked on a programme of development to improve and enhance our underlaying data infrastructure, this is focused on creating the capability to store, manage, access and visualise our data, allowing the creation of a range of operational, tactical and strategic data products. Open data has been a key consideration in this development, and is part of our Data Strategy.

Developing the Culture: Data Driven Decision Making is a key output of our Data Strategy, we have embarked on a programme of work to create products and services to allow colleagues to access, use and manage the data that is important to them, a key part of this it to equip them with the skills to exploit the data available to them.

Industry Collaboration: Yorkshire Water are an active member of the Industry's STREAM initiative on Open Data. We believe a consistent and collaborative approach across the sector is the best way to engage customers with Open Data. A key benefit of Open Data is to facilitate a transparent view of companies and industry performance, making data easy to understand and interpret is key to this, therefore a joined up and consistent approach and methodology are needed. We have also collaborated with Data Mill North to openly release and host our data sets.

Why did we choose them?

We believe that the key to a successful adoption of Open Data is sustainable and consistent approach that is accessible in way the public can understand. Creating the technical and data foundations for this are a key first step in conjunction with building on the Data Culture at Yorkshire Water. We believe an industry approach is best as this ensures a consistent and comparable view across the sector and will reduce complexity and confusion for the consumers of the data sets.

About us

Today, every day and forever it's our job to make sure that everyone in Yorkshire has the water they need for their busy lives. And, when they've used it, it's our job to take it away and return it safely back to Yorkshire's environment.

Water is one of life's most basic essentials and we care deeply about taking care of it in the right way for everyone, all of the time.

But how we do that really matters; the resources we use and recycle, the way we look after land, our broader support to local communities, and the partnerships we develop will make a massive difference to getting it right for Yorkshire's people and places.

What we do

We provide essential water and wastewater services to the people and businesses of the Yorkshire and Humberside region.

To do this, we collect 1.3bn litres of raw water from the environment every day. We use energy and chemicals to treat the water so that it's safe to drink. To get the water to where it's needed we use gravity where we can, but we also have to use energy to pump it through 35,000 km of pipes.

We collect and treat about 1.7bn litres of wastewater from homes and businesses (and rainwater that goes into the 53,000 km of sewers) every day as well. To do this, we use chemicals to help the treatment process and energy to run the treatment plants and pumps.

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

Managing 28,000 hectares of land to protect water quality and enable recreational opportunities.

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

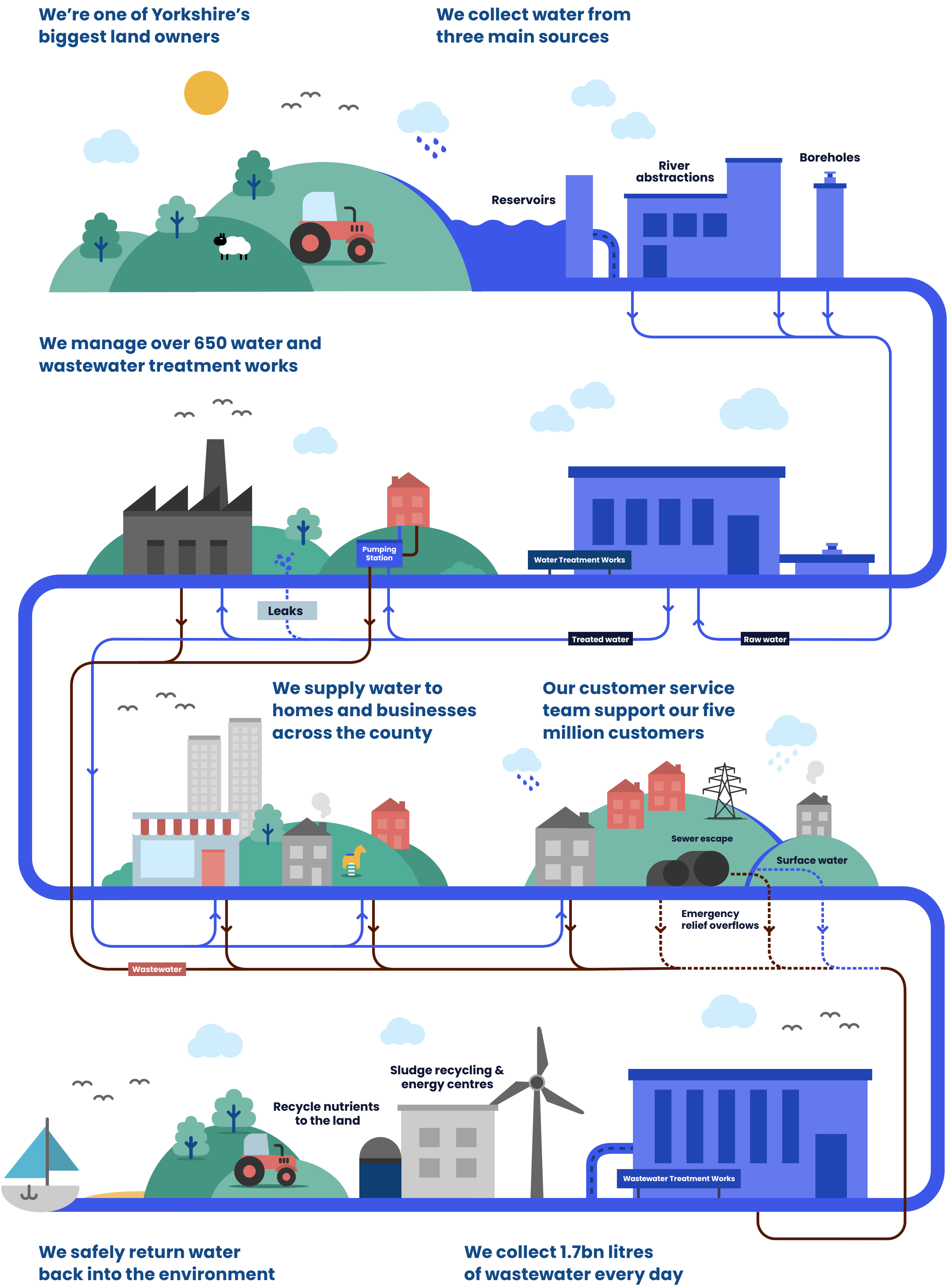
Collecting, treating and safely returning to the environment **1.7bn litres** of water every day.

Recycling nutrients and generating energy from leftover human waste.

All maintained by around **3,675 employees,** using a fleet of over **2,000 vehicles** and increasingly complex technology, delivering for today and planning for the long-term.

Find out more about what we do here:

yorkshirewater.com/about-us/making-yorkshire-brilliant/


We're one of Yorkshire's biggest land owners
We collect water from three main sources
Reservoirs
River abstractions
Boreholes
We manage over 650 water and wastewater treatment works
Pumping Station
Leaks
Water Treatment Works
Treated water
Raw water
We supply water to homes and businesses across the county
Our customer service team support our five million customers
Sewer escape
Surface water
Emergency relief overflows
Wastewater
Sludge recycling & energy centres
Recycle nutrients to the land
Wastewater Treatment Works
We safely return water back into the environment
We collect 1.7bn litres of wastewater every day

Our new 10 year strategy

Why a new strategy?

It's our job to rise to our responsibilities whilst also tackling the expectations and challenges that face our industry right now.

Whether that's the continued focus on the impact of storm overflows on rivers; the drier summers and the impact that drought brings to our customers; the continuing risk of floods; the impact of soaring energy prices on our operating costs or the need for urgent long-term investment in our infrastructure – none of these things are going away and we need to face them head on. This new strategy will help us do that.

We want to get back to being a company we can all be proud to work for – a company that delivers great value for Yorkshire, is an inspiring and motivating place to work and leaves its mark on the environment for the better.

We already have a lot to be proud of

Although we're talking about the things we need to change, there are loads of great things we do every day that we want to keep doing.

Starting with our people – we're a bunch of really motivated folk, who are proud to serve the customers of Yorkshire and take care of our environment.

Our amazing people and the work we deliver day in, day out keeps us going in difficult times. With everyone's help, we're confident our new strategy will be a success, as we equip ourselves with the right tools, processes and systems to help us do our jobs with pride.

Our strategy at a glance

Our vision

The thing we're aiming for – what makes us get out of bed every day.

Strategic pillars

The key activities that will help us bring our vision to life.

Foundations

The long-term programmes and ways of working that underpin all our strategic activities – the bits we need to have in place to pass the starting line.

Our behaviours

How we act as we go about our work – the fundamentals of our business and our commitments to each other.

2. Statements from our Board

Board statement on accuracy and completeness of data and information

Our aim is to produce an Annual Performance Report that covers the key information that our customers and stakeholders have told us they want to see and are interested in, while also meeting the requirements of our regulator, Ofwat.

We believe that good assurance needs to be provided at the right time, proportionate to the level of risk identified, asking the right questions and producing good evidence to support the statements made within this report and the information we publish. Assurance is vital to ensure that the data and information published is accurate and complete.

This statement is being made by the Board of Yorkshire Water to confirm the information that is provided through our regulatory reporting for the year 2022/2023 is accurate and complete.

The Board has full ownership of the provision and publication of accurate and complete data and information. Within this statement, the Board will explain how it takes this role seriously and the approach that the Board has taken to satisfy itself that the information is accurate and complete.

Our assurance framework

The Board of Yorkshire Water has continued to review the effectiveness of assurance approaches for regulatory reporting and to identify further opportunities for improvement.

A new regulatory reporting assurance framework has been implemented for AMP7. This new framework improves the focus of regulatory reporting assurance activities throughout the year, changes the way external assurance is used and improves the risk-based approach applied to regulatory reporting. The new framework was developed in line with best practice from the water industry and other regulated industries.

Our assurance framework and approach are described in more detail in our published Assurance Plan

yorkshirewater.com/about-us/reports/

Our risk-based approach

Our assurance approach is risk based (this means that we place more focus in areas that are higher risk). The approach to assuring data in AMP7 must be reflective of the risks involved and needs to consider the scale of reporting requirements.

The Board recognises the importance of effective assurance over the information that it bases its decisions on and the information that we publish externally. The importance of transparency, clarity and accuracy is always emphasised by the Board and there have been detailed discussions during the year at the Audit and Risk Committee about the approach to regulatory assurance to ensure that it adequately reflects the associated risks.

It is essential that the assurance programme is responsive to the assessed risk and new risks arising. The new risk assessment process is designed to be dynamic as performance over the AMP period changes and risks increase or decrease against specific data points.

Our three-levels of assurance

Our assurance approach uses a method called 'three levels of assurance'.

The first level of assurance is from management controls in our frontline operations which measure performance throughout the year. The second level of assurance consists of line management reviews and reviews by oversight teams with specialist knowledge such as our finance, regulation and legal teams. Yorkshire Water has been developing the alignment of Level 2 assurance across the company, to ensure the assurance obtained, or any lessons learnt from one area, are shared with another. The third level of assurance is provided through independent assurance which includes our Internal Audit function and external auditors. New external auditors for regulatory reporting were appointed from September 2020. Four providers have been awarded a contract on a new framework, rather than just one external company as in AMP6.

A framework of suppliers, rather than one main supplier, is cost effective, provides access to a wider network of specialists and provides wider access to industry insight, knowledge and solutions. The Audit and Risk Committee of the Board has been involved in the procurement process for the new external auditors for our regulatory reporting and have approved these appointments.

Assurance in 2022/2023

To satisfy ourselves that our published information is accurate and complete all elements of our 2022/2023 regulatory reporting are subject to an appropriate assurance process. In particular:

- The assurance process includes checks and reviews of data throughout the year then additional audit checks and challenges by Data Providers, Data Managers, Senior Managers and Directors ahead of publication.
- A review of current performance, challenges, issues and risks takes place on a monthly basis by directors and other senior leaders to aid decision making on priorities in the period.
- The assurance process includes review and challenge by our financial auditor, Deloitte, and our technical auditor, Atkins. We have reviewed and actioned all findings from these assurance processes, taking action to ensure that any exceptions and weaknesses in the assurance approaches have been addressed.
- We have worked with the Yorkshire Forum for Water Customers, and listened to customer's feedback, to ensure we meet our ambitions for a document that is accessible for customer's.
- The Board has utilised specific individual Directors to support the activities required in this area. The Chief Financial Officer and the Director of Strategy and Regulation have accountability for the development, assurance and publication of the various regulatory and financial submissions at the end of the reporting year. They ensure appropriate resources are in place to deliver the requirements to an appropriate standard and review and challenge compliance with the requirements.

- The Board uses the Business Investment Committee to consider the AMP7 funding strategy, in relation to the funding position and priorities for the new regulatory period.
- Performance in matters relating to social purpose and public accountability are regularly reviewed by the Public Value Committee on behalf of the Board.
- The Audit and Risk Committee monitors the effectiveness of Yorkshire Water's enterprise risk management process as well as the effectiveness and operation of Yorkshire Water's system of internal control on behalf of the Board. More information on this is included in the signed Risk and Compliance Statement.
- The Board uses the Audit and Risk Committee to support key assurance activities for regulatory reporting. This Committee takes an active role in engaging with and challenging the assurance approaches in place. It has reviewed the procurement process of external auditors, the effectiveness and independence of the external auditor, the integrity of external reporting, including significant areas of judgement, the new regulatory reporting assurance framework for AMP7 and the proposed assurance plans in place.
- The Audit and Risk Committee has reviewed the integrity of the regulatory reporting process relating to the APR and other regulatory submissions.
- The outputs from the completed assurance processes have been reviewed and challenged by the Audit and Risk Committee. The Committee has satisfied itself that the approaches taken have appropriately identified and addressed any risks to the provision of accurate and complete data and information in particular areas. The independent external assurance providers, Atkins, and the external financial auditors, Deloitte, independently reported their findings to the Audit and Risk Committee in July 2023.

Exceptions and Weaknesses

The Board has taken action to ensure that any exceptions and weaknesses in the assurance approaches have been addressed. As detailed above, the Audit and Risk Committee has been involved in the development and continued challenge of the assurance approach. The Audit and Risk Committee is responsible for the integrity of the content of those regulatory submissions for which Board approval is required by Ofwat. New submissions and Board requirements, or amendments to the assurance process, are reviewed, discussed, and approved in advance of submissions. Regulatory submissions are owned at an individual Director level, with the Audit and Risk Committee and Board all being engaged throughout the process, enabling them to test and challenge the progress, risks, mitigations, assurance approach and the Board statements themselves prior to approval and publication.

The key assurance findings from the APR 2022/2023 end of year audits have been independently reported to the Audit and Risk Committee, allowing the Audit and Risk Committee and the Board to challenge further where necessary.

The Risk and Compliance Statement provides more information on any exceptions that have been identified during 2022/2023 to achieving our regulatory obligations. All exceptions and departures, regardless of materiality, are reviewed and scrutinised before they are endorsed by Board prior to publication. In summary, the exceptions identified are as follows:

- Water Industry Act: maintain maps of their sewers.
- Environmental Permitting Regulations 2010: discharge compliance
- Environmental Permitting Regulations 2016: conditions of environmental permits
- Performance commitments: For 2022/2023 we have met or exceeded 22 of our 44 performance commitments.

For more information on these exceptions, please see the Risk and Compliance Statement
yorkshirewater.com/about-us/reports/

Statement

The Company is required by the terms of the Instrument of Appointment to prepare regulatory accounts for each financial year in accordance with Condition F of the Instrument of Appointment and the Regulatory Accounting Guidelines. In preparing the regulatory accounts, the Board ensures, through all the measures detailed earlier within this statement, that appropriate accounting policies have been adopted and applied consistently, that applicable standards have been followed and that reasonable and prudent judgements and estimates have been made.

The Board confirms that the APR sets out how the regulatory accounting statements have been completed in accordance with the Regulatory Accounting Guidelines.

The Board of Yorkshire Water is accountable for the quality and transparency of the information provided within this report. Following reasonable and relevant enquiries the Board is satisfied that there are appropriate controls and assurance processes in place and that key risks identified have been responded to, regarding the provision of accurate and complete data and information.

Approval

The Audit and Risk Committee reviewed the processes and approach to delivery of the APR in January 2022. The Audit and Risk Committee then reviewed the completion of the process, including receiving the assurance findings from the independent financial auditor and the independent technical auditor, on 4 July 2023. At these meetings, appropriate enquiries were made on the executive team and the relevant experienced members of staff involved in delivering the APR, in particular the Director of Strategy and Regulation and also the independent financial auditor and the independent technical auditor. In between these meetings, the Board members were provided with versions of the developing report and have been able to review and provide comment.

At the Board meeting on 5 July 2023, following feedback from the Audit and Risk Committee and having made reasonable and relevant enquiries, the Board considers that there are appropriate systems, controls and assurance processes in place regarding the information contained within the report and at this meeting, the Board approved the APR, including the wording of this Board Statement on Accuracy and Completeness of Data and Information, and approved the release of the APR for publication.

The Board authorised the Company Secretary to sign this Board Statement on Accuracy and Completeness of Data and Information on behalf of the whole Board.

Signed on behalf of the Board

Kathy Smith
Company Secretary

Board statement on company performance and direction

Over 5 million customers who live in Yorkshire, and the millions of people who visit Yorkshire each year, rely on our services for their basic health and lifestyle. Our water is used to supply 140,000 businesses and non-household customers who provide goods and services that support our economy, not only in Yorkshire, but across the UK and beyond.

This statement shows how our Board sets and reviews our ambitions and targets so that we provide our goods and services to all our customers and stakeholders who depend on Yorkshire Water. Within this statement, we also provide information on the relationship between our financial performance, rewards for our executives and how we deliver our services.

This statement has the following sections:

- How we set our ambitions
- How we monitor performance and make decisions
- How we involve our customers and stakeholders
- How we change and update our commitments
- How we have performed in 2022/2023
- How we balance the relationship between financial performance, rewards for executives and delivering our services.

How we set our ambitions

We want to deliver safe, clean, drinking water, take away and treat wastewater, maintain essential assets and all the while providing exceptional service to our customers 24/7, 365 days a year.

The water industry works in five-year asset management periods (AMPs). One of the main aspects of the regulatory framework that supports this five-year planning cycle is called the 'price review'. The price review process sets the prices we charge, investment we make and services we provide to customers in each AMP, set in consultation with our customers and Ofwat, our industry regulator, who provides the final sign-off of our plan.

In 2018, we published our plan for AMP7 to set out how we proposed to maintain and improve water and wastewater services in Yorkshire, ensure resilience and sustainability for the short and long-term; at a fair and affordable price to customers in their water bills. We built our plan after engaging with our customers and regulators to understand their priorities. We used the feedback we received to define our big goals and to develop measures that would support these goals. AMP7 covers the period from April 2020 to March 2025.

Our promises to you over the five years of AMP7 are defined through our performance commitments. There are 44 performance commitments in AMP7. This annual performance report provides performance in the third year of this AMP7 period.

We are currently working on our plan for the next AMP, AMP8 (2025 to 2030) and this will be published in October 2023. Our plan will address what our customers say is important to them: continuous supply of water that's safe to drink, affordable bills, long term investment in environmental improvements and preventing sewer incidents.

As well as delivering against our regulatory performance commitment targets, we must meet a range of legal obligations, and broader duties to customers, to the environment and other stakeholders. You can find more details of how we identify these requirements, and manage the risks of keeping to them, in our Risk and Compliance Statement
yorkshirewater.com/about-us/reports/

Our business planning process has been accompanied by the development and launch of our new corporate strategy. The strategy contains a clear vision for our company, which is **a thriving Yorkshire, right for our customers and right for the environment**. We've experienced a shift in how our customers and stakeholders see us in the last five years. It's because of this shift that we felt it was the right time to redefine how we deliver our priorities with a new ten-year strategy. This strategy will provide a clear ambition for our business.

A thriving Yorkshire means we invest in infrastructure, create jobs and support skills development and education, working in partnership with other organisations across the region.

Right for our customers means:
- Quality drinking water that tastes great
- Bills that everyone can afford
- An easy and reliable service that's tailored to customers' individual needs.

And right for the environment means:
- Keeping wastewater in the pipes to reduce pollution
- Protecting our precious water resources by reducing consumption and leakage
- Eliminating carbon from our business to achieve net zero.

The new ten-year strategy was launched to all colleagues throughout April and May 2023 and provides the pathway for us to be a consistently high performing organisation. The new strategy continues to centre on four key behaviours: we own it, we're always learning, we're better together and we have heart.

You can read more about our strategy within Section 1 of this Annual Performance Report.

How we monitor our performance and make decisions

There have been some important changes to the Board during 2022/2023. Nicola Shaw CBE was appointed as the new Chief Executive Officer and joined Yorkshire Water on 9 May 2022, taking over from Liz Barber who left the Board on 6 May 2022. On 1 March 2023 Paul Inman took over from Chris Johns as Chief Financial Officer. In November 2022, we also welcomed Wendy Barnes to the Board as an Independent Non-Executive Director.

The Board makes all decisions with a view to ensuring positive results for our customers, delivered in a sustainable manner. We have already mentioned our new ten-year strategy, which provides the pathway and vision for all our decision making. In addition, we publish a long-term delivery statement alongside our regulatory business plan. This was last published in 2018 and we are currently in the process of updating this statement, which will be published in October 2023. We continually review our long-term strategy to ensure that it remains aligned with the priorities of both customers and stakeholders, and that it aligns with the wider requirements of our region. The external environment has changed significantly in the last four years and we need to ensure we continue to understand and respond to our customers' needs and priorities.

The Board had six scheduled Board meetings in 2022/2023, with seven additional ad-hoc meetings held to approve the appointment of the new Chief Executive Officer, approve the Interim Financial Statements and to consider and approve an undertaking signed with Ofwat in October 2022 in relation to the repayment of an intercompany loan made by Yorkshire Water. At each scheduled meeting, the Board considers health and safety, financial and non-financial performance, including past and expected future performance.

To ensure that all Board members stay up to date, they receive a full monthly company report. This consists of an update on our financial and operational performance, how our employees are getting on, our impacts on customers and the environment, and a summary of how we are keeping to our standards and following health and safety guidelines. We do this whether or not a Board meeting is scheduled.

The Board meets both formally and informally with senior management across the business, gaining insight into the day-to-day operations and the main risks and opportunities facing each part of the business. Members of the Executive Team and senior managers are regularly invited to attend meetings with the Board to share information and to give the non-executive Board members regular direct access to the senior management team.

There is a schedule of matters reserved for the Board which sets out the specific matters that must be referred to the Board for approval. These include matters relating to the structure of the company, our policy on dealing with dividends, significant issues to do with regulations and press releases, along with significant operational matters.

In 2019 the Board created a Colleague Engagement Forum, which meets regularly throughout the year. At least one non-executive Board member attends each meeting and minutes from the meetings are circulated to all Board members for information.

Forum members are free to raise any matters at the Forum and key topics on which the Board would like to receive feedback are also included on the agenda for each meeting.

There is also a colleague engagement survey which seeks to understand the views of colleagues across multiple topics. The feedback from our survey is shared with the Board for information, to give the Board a clear understanding of our colleague sentiment.

Decision making will inevitably involve some trade-off to make sure we take a fair and reasoned approach to delivering our services. To help us with our decision making, we use the Six Capitals concept to shape our investment choices and better understand the impacts of our activities . The Six Capitals are shown below:

1. Financial capital – our financial health and efficiency
2. Manufactured capital – our pipes, treatment works, offices and information technology (IT)
3. Natural capital – the materials and services we rely on from the environment, for example water
4. Human capital – our colleagues' capabilities and wellbeing
5. Intellectual capital – our knowledge, processes, innovations and strategic partnerships
6. Social capital – our relationships, trust and contribution to wider society.

Our decision-making is improved by considering the positive and negative impacts and trade-offs between all Six Capitals. This helps us take a more holistic approach to decision making and investment choices, provides a rich understanding of business risks and opportunities, and ultimately ensures we deliver sustainable long-term value for our customers and other stakeholders.

'Our Contribution to Yorkshire' report was published in December 2022 and covers the 2021/2022 reporting year. This report assesses the outputs and impacts, both public and private, created by Yorkshire Water's business activities during the 2022 financial year. In addition to the public health benefits created through the provision of our core water and sanitation services, the report also captures the additional benefits we create through our other activities. Our assessment highlights areas of strong and improving performance over the past year, as well as other areas where further action is needed to improve our performance. The report is available at

yorkshirewater.com/about-us/capitals/

In addition to our Six Capitals approach, we continue to use horizon scanning to provide insight into the emerging trends and events that may affect Yorkshire Water's strategic position and ability to operate in the future. The approach to horizon scanning is twofold: at a tactical level it will ensure that the business can be agile in the short term; and at a strategic level it will ensure that the business can plan for the medium and long term, based on trends indicated by the scan.

Our horizon scan has three objectives to:

- Encourage the external focus of the organisation,
- Set the content for the exploitation of opportunities and development of strategy, and
- Inform the company of external risks that may need to be managed.

Our horizon scan and actions arising from the scan are shared with the Board and the Audit and Risk Committee and are used to inform the company's Annual Report and Financial Statement (ARFS) and the company's strategic annual review.

How we involve our customers and stakeholders

Our ongoing engagement with customers and stakeholders ensures we continue to understand and meet their changing needs and enables us to design our services to meet those expectations. Research with our customers over the course of the last three years has taught us that the world of our customers has changed quite drastically. This is mainly due to the COVID-19 Pandemic and the cost of living crisis which followed immediately after we emerged from lockdowns and social distancing. Our engagement informed us that the pandemic has had a lasting impact on many of our customers, namely their finances, personal resilience and their ability to see or plan over the long-term. Whilst we prepare our business plan and Long-Term Delivery Strategy and set out our ambitions for the next 25 and 50 years, our customers have struggled to engage with these long-term plans. This worrying trend has meant that important aspects of our future service such as working long-term to reduce our impact on the environment and climate change have been put on the back burner behind more immediate, but understandable, challenges some of our customers face, such as choosing between heating or eating. However, our customers are clear on their priorities for our service which we must continue to deliver, do more of it and continue for the long term; these include:

- maintaining high quality drinking water and security of supply
- providing an easy and reliable service that's affordable for all
- keeping wastewater in the pipes – preventing pollution and environmental harm
- maintaining and improving our assets – reducing leakage and avoiding interruptions and discoloured water.

Despite the financial challenges faced by our customers', our research on Social Tariffs shows our customers' are willing to contribute more to support those who are struggling to afford their bills, and because of this generosity, this year we pledged an additional £15m to help with the provision of financial support to more of our customers' through these challenging times.

As we move into Year 4 of AMP7, the focus of our customer research and engagement will be focused on creating a business plan which our customers' have shaped and delivers on the priorities they set. Customer research will also support the business with meeting the growing expectations of our customers' with regards to the service they receive.

We continue to regularly discuss our performance with the independent Yorkshire Forum for Water Customers'. They have been invaluable in supporting and shaping our customer research, especially with regards to engagement around our next business plan for AMP8. Their challenge will ensure that our customers' wants, and needs, are at the heart of our plans both for AMP8 but also long in to the future. They will provide independent assurance to the Board of Yorkshire Water on the quality and use of customer research in Yorkshire Water's 2025-2030 business plan.

We have a Board committee with a focus on the social purpose and public accountability of the organisation. We call this the Public Value Committee. We recognise our role as an anchor institution in Yorkshire and that we provide an essential public service, as well as playing a key role in the health, wellbeing and prosperity of the region. For more information on the Public Value Committee, please see the report in the ARFS

yorkshirewater.com/about-us/reports/

Our senior management regularly meet with organisational stakeholders such as councils, Members of Parliament, environmental groups, charities prioritising support for vulnerable customers' and many other groups based in the region. These meetings shape operational decisions as well as feeding into the business planning process.

Working in partnership with Yorkshire

As an anchor institution we recognise that collaboration with other anchors of the region's economy and social fabric means that we can maximise our impact and contribute to the inclusive growth of the region. If the region grows then this creates opportunity for Yorkshire Water to grow.

Yorkshire Water is the second biggest landowner in Yorkshire and we have known for some time that the management of our landholdings has a significant part to play in climate response and adaptation and nature recovery. Realising that anything we can achieve on our own will be magnified by collaboration with other institutional landowners, we regularly speak with other landowners on issues of land change and best practice.

We continue to engage with the Yorkshire Leaders' Board to ensure it plays a significant role in the creation of our business plan for the next price review. The Leaders' Board brings together the leaders and chief executives of Yorkshire's local and mayoral authorities, so this engagement delivers on the aspiration of the National Infrastructure Strategy for regional elected bodies to help set the priorities for water utilities. The early stages of this process have been very positive, and it has quickly become clear to the extent that investment in our network is a really important enabler for the growth ambitions of local authorities, particularly with regards to house building.

The Living with Water partnership has matured significantly over the last five years with dedication from all partners to ensure the vision, objectives and goals of the partnership are met. The AMP7 investment programme has benefitted hugely from the advance in partnership relations and a series of model improvements and improved technical understanding. The partnership is now aligning programmes beyond water management and looking at opportunities to merge housing, highways and other regeneration projects with surface water management.

The Living with Water partners have developed a city water resilience approach and a joint blue green vision for the city which will be the framework within which future flood resilience investment will be delivered. In addition to investing in flood resilience infrastructure, the partnership focusses on improving resilience through education; community engagement and co-creation; and the effective planning for and responding to extreme weather incidents.

In 2022, we continued to play a leading role in developing Connected by Water, working in partnership with four local authorities – Barnsley, Sheffield, Rotherham and Doncaster – as well as the South Yorkshire Mayoral Combined Authority and Environment Agency. Together, our South Yorkshire alliance is addressing the challenges and opportunities of flood risk, increasing the resilience of our communities, and improving the built and natural environment.

The flooding in November 2019 provided the catalyst for the creation of the alliance and our first Action Plan, with a joint commitment that resilience to flooding needed to be managed on a catchment wide basis with a single strategic plan and aligned investment from all the partners.

Connected by Water launched our updated Action Plan in February 2023, showcasing progress made during 2022, new projects and case studies. Communications marking this update highlighted engineering projects such as the award-winning Rotherham canal barrier, and a range of nature-based solutions projects being delivered in the catchment, to slow the flow of water.

Three new posts were established during 2022. These resources are providing a core team to the partnership to drive progress and increase the maturity of partnership working. The posts are Portfolio Manager, Programme Manager and a Communication and Engagement Advisor (hosted by the Environment Agency and funded by Local Authorities). Connected by Water continues to work closely with other partnerships to share learning and good practice.

Yorkshire Water is leading the Connected by Water education programme which will launch in September 2023 to raise flood awareness and resilience of our customers' through engaging with school children.

We are also developing an additional capital programme to demonstrate the viability of partnerships and blue green solutions as a delivery mechanism for overflow spill reduction alongside surface water management, regeneration, flood risk reduction and increased long term resilience of the sewer network.

Discussions are underway with the recently elected West Yorkshire Mayor and other local authorities to replicate this model in the Aire and Calder catchments.

How we change and update our commitments

We are currently in the five-year business planning cycle and getting ready to submit our business plan to the regulator Ofwat in October 2023. This will set our priorities for the 2025 to 2030 period, set within the context of a 25-year delivery strategy to ensure we make the right decisions for the long term. Although we set our regulatory performance commitments using a five-year cycle, our customers' needs and priorities can change. We need to review and respond to these changes, working within our regulatory framework.

As well as the ambitions we set ourselves during price reviews, our ambitions are also influenced by best practice throughout the world. The United Nations Development Programme has formally adopted a set of 17 sustainable development goals (SDGs) which are backed up by 169 targets. We have assessed where we can make the most substantial contribution to these goals by increasing the value we create for communities in Yorkshire and by reducing our carbon footprint. You can find out more about the SDGs at sdgs.un.org/goals Further information on our progress with these goals is provided within our ARFS yorkshirewater.com/about-us/reports/

We have previously mentioned how we engage with our customers' to understand their changing priorities and needs. We've experienced a shift in how our customers and stakeholders see us and because of this shift, we launched a new corporate strategy to ensure our priorities remain aligned with the needs of our customers. Information on our strategy has been provided earlier within this statement.

Following the Final Determination, we reviewed our delivery plan in line with our service commitments and allowed costs. As a result of this, and aligned with the priorities of our customers, we made the difficult decision to put on hold or reduce the number of activities that would have specifically supported three of our performance commitments: biosecurity implementation, water recycling and integrated catchment management. We remain committed to the principles of these measures, but in line with our customers' priorities and the constraints we face, we are focussing our efforts in areas where we can have a greater impact in the areas that our customers' value most.

In response to the criticism of the water industry in recent months, particularly around river health and commitments to further improve in that area, we have apologised to our customers, acknowledging that we should have acted more quickly to change the situation. We do have a plan to improve Yorkshire's river and coastal waters. The first phase of the plan focusses on immediately improving the 190 storm overflows that we know are operating much more than they should. By March 2025 we will have spent £180m building more capacity which allows us to store wastewater rather than sending it into the rivers or sea, creating nature-based solutions to slow the flow of rainwater before it gets to our sewers, optimising how the whole system operates and stopping water getting into our system when it shouldn't be there in the first place. The second phase will start from 2025 and is linked with our regulatory business plan, which we will publish in October 2023.

The river Wharfe at Ilkley is a key spot for river bathing. The Ilkley Clean River Group started their campaign in 2018 and they achieved bathing water designation on the Wharfe – the first inland location in the UK. In March 2023, we started tunnelling for an underground sewer to double the capacity of our sewage system in the town. This is a big project and will alone cost £15m, and we'll have this in place by the end of the year. We've also pushed to bring forward a second stage of investment worth over £50m to improve the quality of the water along the Wharfe to bring further benefits to those swimming at Ilkley.

How we have performed in 2022/2023

On their own, our performance results do not really reveal either the operational challenges we have faced during the year, or indeed the significant achievement of our colleagues in maintaining and improving the service to our customers.

In April 2023, we published a performance action plan yorkshirewater.com/media/ covering some of our performance commitments where we are not meeting the targets we set. The action plan was published to reassure customers and stakeholders that we understand the areas where we are underperforming and that we have plans in place to improve performance. The extremely tough external environment, including cost pressures on energy and chemicals, as well as unprecedented dry and hot weather in 2022 followed by a freeze-thaw event, means that we have faced a challenge improving performance in a sustainable and efficient way while attempting to remain in line with allowances.

That doesn't mean that we have struggled across the board, and in many areas we are exceeding our targets, benefiting the Yorkshire Water region and customers. Importantly, we have maintained customer satisfaction during this difficult period, as well as continuing to improve underlying performance on water quality compliance, internal sewer flooding and pollution incidents.

In 2022/2023, we met 22 out of 44 performance commitments. You can find more information on our performance against performance commitments within Section 3 of the Annual Performance Report.

We and the other water companies in England and Wales provide information to a central hub so you can compare how we are performing against each other and how the water industry compares with other sectors. Visit discoverwater.co.uk to find the latest information on water quality, environmental performance, customer service and water bills.

Yorkshire Water is part of the industry 'Stream' group, which is progressing a collaborative approach to open data. We currently publish our APR data tables on our website in Excel format to ensure our data is open and accessible to our customers. Through the industry 'Stream' group, we intend to work together to progress the publication of supporting datasets associated with the APR tables. This will ensure we focus on facilitating data users to join up data more easily from individual companies to maximise the potential benefits of our publications. Within Yorkshire Water, we continue to develop a single cloud-based data reservoir to gather, manage and present data. This ensures that a 'single version of the truth' is available and lays the foundations to release additional data as part of our open data strategy.

How we balance the relationship between financial performance, rewards for executives and delivering our services

We believe in the importance of being open and transparent about paying our directors and we try to make sure we pay our directors fairly in relation to their experience, their performance, the demands and complexity of their role and the experience our customers have. We strive to ensure the reward received by our directors is market competitive, consistent, simple, value based and balanced, as well as ensuring it is reflective of the pay and employment conditions across the rest of the business and in the communities we serve. We want to ensure we remunerate fairly; we are able to attract and retain the right calibre of talent; and we want to ensure the reward structure drives the right behaviours, appropriately rewarding strong performance whilst not rewarding poor performance.

You can find full details of our directors' pay in our Directors' Remuneration Report, which is published in our ARFS
yorkshirewater.com/about-us/reports/

Statement approval

At the Board meeting on 5th July 2023 the Board approved this statement in principle, with delegated authority for final review and sign off between the CEO, CFO and Company Secretary on 14th July 2023. The Board authorised the Company Secretary to sign this statement on behalf of the whole Board.

Signed on behalf of the Board

Kathy Smith
Company Secretary

3. How we're progressing with our performance commitments

How did we perform against our performance commitments?

Links to more information

We've provided more information on our performance than ever before. Click on the links below to view our other publications and webpages on our performance.

Visit [yorkshirewater.com/about-us/yorkshire-forum-for-water-customers/] to see the Yorkshire Forum for Water Customers independent report on our performance

Want a summary of our performance? Visit **yorkshirewater.com/reports/** to view our Performance Summary report

Want to see the Ofwat performance tables? Go to **Table 3** in this APR

Want to see how we've performed on our performance commitments throughout the year? Visit **yorkshirewater.com/about-us/our-performance/** for more information

Want to know more about how we assure our information? Visit **yorkshirewater.com/reports/** to view our Assurance Plan

Want to know how our performance compares with other water companies? Visit **discoverwater.co.uk** to view the Discover Water website

Our assurance process

Assurance is the process we use to make sure the work that we do and the information we provide is correct and trustworthy. We use it to identify any potential errors, make improvements and monitor the ways we work. It's important to us that our customers and stakeholders can trust the quality of the information we publish.

To make sure our information is accurate and you can trust what we publish, we use a way of working called the three levels of assurance. This is a process for checking our activities and information. It's our methodology. This is a comprehensive approach which uses layers of assurance that are effective in identifying where things can be improved. This also gives us consistency across our work and, combined with a comprehensive risk assessment, we can apply the right amount of assurance at the right time.

Level 1
The first checks take place when the people doing the work check what they have done is correct. These checks can be during or after what they are doing.

Level 2
Teams specifically in place to carry out checks make sure that the work carried out is correct and support level 1 to do so. They also do risk assessments, check we are working within the law and write reports for the Board to evidence their work.

Level 3
Internal Audit and our external assurance providers check the overall processes and output to make sure we are compliant, we have identified all risks and undertake plans for improvement. They report directly to the Board.

The Audit and Risk Committee
The assurance process is overseen and approved by this committee.

The Board
The outcome of our audits are presented to the Board and they approve the information that we report.

Stakeholders
We ask our customers to give us feedback and our regulator, Ofwat, also assesses the information that we provide.

Our assurance plan for the annual performance report

We have specific assurance processes in place to make sure that the data within our APR is accurate. The steps within the process are detailed below.

1: Planning

We review the guidance available to understand what is required within the new APR and to review what our customers, regulators and other interested parties want from the APR. We put a plan in place to make sure we can deliver what is required by the publication deadline.

2: Risk Assessment

When we make our plans for assurance, we know that different information may require different amounts of assurance. We risk assess all data to identify which processes produce the data which may be higher risk. Higher risk processes are those which have a greater likelihood that something could deviate from what was planned which may affect what we report if it does.

We use this information to create a risk-based assurance plan. A risk-based assurance plan helps us target our assurance to these high-risk areas of reported information and focus on improvements that are in our customers' best interests.

3: Developing and completing our assurance

We have specific activities that take place within our three lines of assurance to make sure that our data is complete and accurate. We have detailed these steps on the next page.

4: Approval and publication

We present the outcomes of our assurance to our Audit and Risk Committee who then report to our Board. The Board is accountable for the quality of the information that we publish. It owns and approves the information within our APR. If the Board is satisfied that processes have been followed and any findings from assurance have been appropriately actioned, it will give approval for our APR to be published. You can read more about the assurance the Board provide in the Board Statement of Accuracy and Completeness of Data and Information in **Section 2** of this APR.

5: Review

When we have published our APR we look back over the assurance process that we applied to understand what we could improve. We gather feedback internally, from customers and other stakeholders, and we review what could have gone better to create an improvement plan which we implement within our next risk-based assurance plan.

We complete data assurance to make sure the information we provide in our publications is accurate. We have illustrated below the three levels of assurance that we apply to make sure the information in our publications is trustworthy.

Level 1

Data providers and data managers
Data providers are assigned to each piece of data and are responsible for making sure it's accurate. Our data providers record the process followed to gather, analyse and report their data. They then make sure it matches the regulations and guidelines and produce the data. Each piece of data also has a data manager and they monitor the Level 1 process. This gives them accountability for the data produced. They check that the process is compliant, it has been followed and the resulting data is accurate.

Level 2

Senior management review
A senior manager will review and approve the information they are provided. They will check it against set criteria. They challenge where they believe the information is not consistent to make sure information is not misleading.

Oversight teams
Our Regulatory Reporting, Compliance and Assurance Team review the overall process and provide challenge where needed. They review the processes used to collect the data, making sure they are compliant and have been followed correctly. Sometimes one piece of data is reliant on another being correct. They identify these dependencies in data and make sure that the data aligns.

Level 3

Independent audit
The information within our reports is subject to an audit from our external auditors. They check the information and the process to gather this information. They check we have met all relevant regulations. They make sure that the explanations that accompany the data are reflective of our performance.

The Yorkshire Forum for Customers
The Forum are in place to review our performance and provide challenge to make sure we keep focused on our responsibilities to our customers. As they have understanding of our business, they provide an informed voice for our customers.

Audit and Risk Committee
As the Committee approve our overall assurance process, they provide assurance that the process has been carried out in line with their expectations. They carefully review the management controls that are in place throughout the process. They discuss each level of assurance, review the external assurance findings and, when satisfied, report to the Board that the assurance process has been followed.
This helps the Board in the approval of the information.

The Board
The Board is accountable for the quality of our information and have a responsibility to make sure it meets your needs. The Board owns and approves the publication. Final approval is given by the Board after all assurance steps have been carried out.

Stakeholders
Ofwat review and assess our publications. They provide feedback and challenge where required.
We ask our customers to give feedback on publications to make sure our publications are relevant, transparent and contain information they can trust.

Our data improvement plans

Our external auditors, Atkins, identified some areas where we could improve and develop our reporting. These areas received amber ratings to reflect this. We've listed these areas below, together with our plans for improvement. Some of the areas we need to target are under review to understand the best actions to take.

Performance Commitment	Improvement identified	Plan
Per capita consumption	There is an underlying concern about the accuracy of customer meters and in particular, newer domestic meters which have 5-6% meter under-registration (MUR) compared with 2-3% for older meters. This could in the longer term have an impact on the Domestic Consumption Monitor, from which PCC is derived.	The risk has been noted and we will work with our colleagues across procurement and operational areas of the business to ensure we have a full understanding of the impact this could have on future reporting. A company position on this risk will be obtained and fed into the future audit process.
Working with others	Atkins identified some administrative delays in processing paperwork and there is a need for activities completed in Year 4 to have sufficient resources identified so that the admin associated with them is completed in a timely matter and they are reported in the correct year.	We are putting procedures in place to identify opportunities for improvement and remove this risk to reporting.
Low pressure	It is recommended that a review of the logger installation and activation in Netbase is completed.	We will review the information held in our corporate systems and the action needed to connect the information to support appropriate reporting in line with our performance commitment.
Pollution incidents	There will be a future requirement to assess the spills data and retrospectively add pollutions. This is an industry wide issue that could have a significant impact on the number of pollutions reported.	We will review the current process to identify opportunities for improvement to remove this risk to reporting.
Sewer collapses	There is a need for additional checks and controls around the reportable incidents that are not held on the corporate system.	There is an opportunity to build on current controls and checks earlier in the process at the point of allocation of incident sub-category. This will be reflected in a clear methodology from incident to reported number.
Living with Water	Atkins raised a query on the methodology categorisation in relation to the gateway information contained within this performance commitment, which refers to the number of properties flooded. A review of the methodology is required.	We note the comments raised by the auditor and will complete a review of our reporting process ahead of APR24, engaging with Atkins during 2023/24.

Data item	Improvement identified	Plan
Total household complaints	While the company's process for reporting were found to be robust, the audit highlighted under the new guidance definitions there are additional complaints that could be excluded or are no longer defined as complaints, leading to a risk that Yorkshire Water is over-reporting the number of complaints.	A new customer relationship management system is being developed, which offers opportunities to significantly improve customer management and reporting controls.
Population (Water and Wastewater)	Atkins challenged our approach, whereby property data is used as a starting point to derive the population.	Over the next year, we are going to further investigate population, and review data to decide if we can improve our current process or to use an external provider for AMP8.
Length of sewers	Yorkshire Water identified a backlog of GIS amendments that need to be made to the sewer network. It is not considered to be material on the reported number.	We have already taken significant steps to investigate and reduce the backlog. We will continue to look for ways to improve the process and increase confidence in our reporting.
Sewer Profile	An estimate is made for the final month's data in relation to the service delivery, previous years estimate and actual were reviewed and the findings not material.	We will review the current process to identify opportunities for improvement to remove this risk to reporting though the impact is not considered material.

Introduction to our performance commitments

Our business plan for the 2020-2025 period (known as AMP7) puts our customers at the heart of everything we do. We've engaged with 30,000 customers, and the Yorkshire Forum for Water Customers (an independent Forum which supports Yorkshire Water to manage its business in the best interests of its customers), to understand individual lifestyles and how they shape what customers want, need and expect from us. We've listened to customers' aspirations for us and developed a plan that puts excellent and efficient service front and centre of our ambitions.

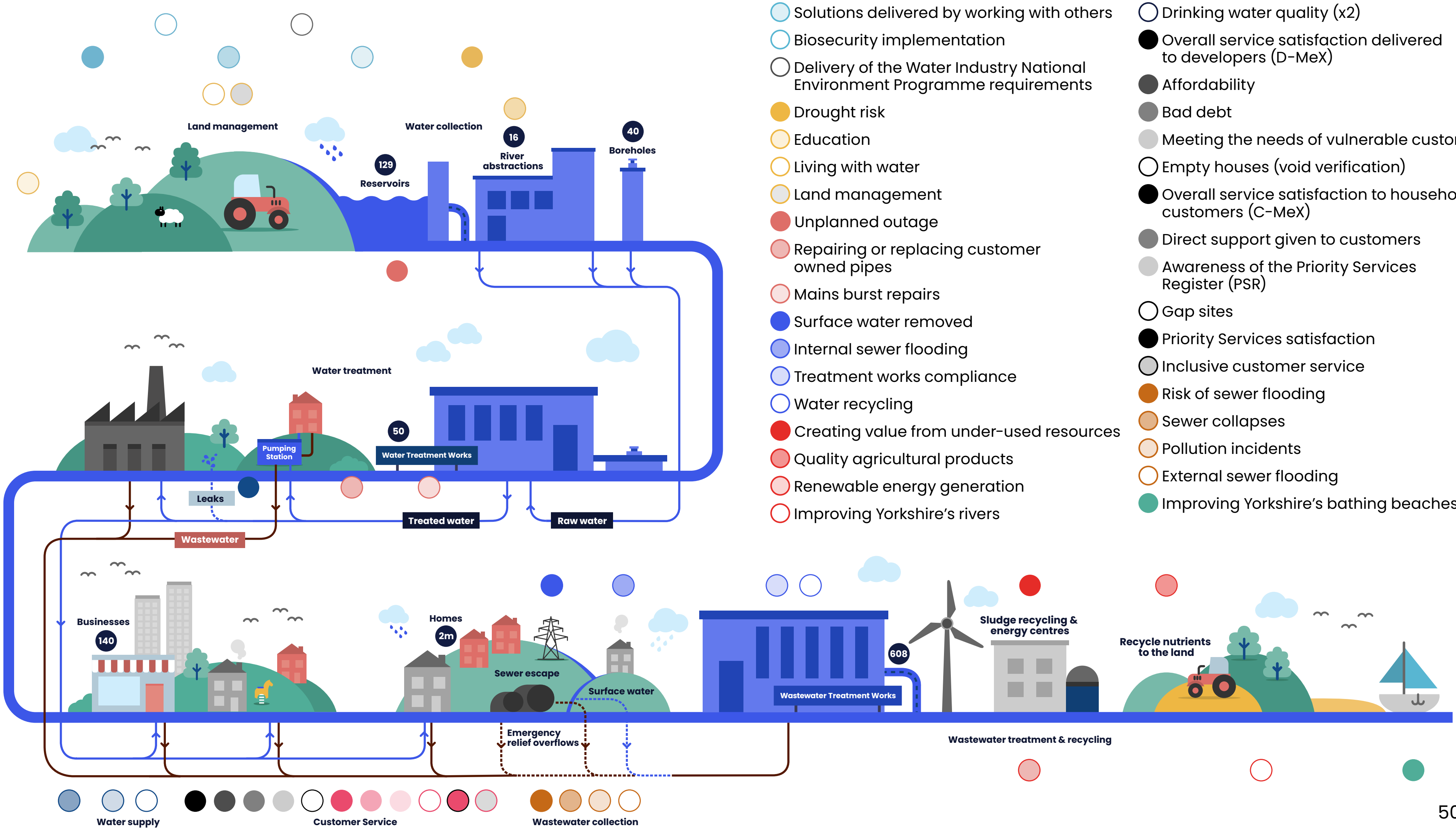
In response to customer feedback, we developed a package of 44 performance commitments for AMP7 which align with our ambitions and challenge us to change the way we work to meet both customers' expectations and the complex long-term challenges that we face as a business.

The diagram on the next page shows how these 44 performance commitments cover every aspect of what we do, from water source to sea.

Our source to sea operation

Key to our performance commitments

- Reducing our carbon footprint (x2)
- Integrated Catchment Management
- Land conserved and enhanced
- Solutions delivered by working with others
- Biosecurity implementation
- Delivery of the Water Industry National Environment Programme requirements
- Drought risk
- Education
- Living with water
- Land management
- Unplanned outage
- Repairing or replacing customer owned pipes
- Mains burst repairs
- Surface water removed
- Internal sewer flooding
- Treatment works compliance
- Water recycling
- Creating value from under-used resources
- Quality agricultural products
- Renewable energy generation
- Improving Yorkshire's rivers
- Leakage
- Water usage (per capita consumption)
- Water supply (x3)
- Drinking water quality (x2)
- Overall service satisfaction delivered to developers (D-MeX)
- Affordability
- Bad debt
- Meeting the needs of vulnerable customers
- Empty houses (void verification)
- Overall service satisfaction to household customers (C-MeX)
- Direct support given to customers
- Awareness of the Priority Services Register (PSR)
- Gap sites
- Priority Services satisfaction
- Inclusive customer service
- Risk of sewer flooding
- Sewer collapses
- Pollution incidents
- External sewer flooding
- Improving Yorkshire's bathing beaches



Outperformance and underperformance

Some of our performance commitments have been identified as being of greater importance to our customers or our Regulator. To reflect this importance, some of the performance commitments have Outcome Delivery Incentives (ODIs) attached to them. ODIs are financial rewards and penalties that are triggered by hitting set performance commitment targets. The targets are designed to challenge us to improve the levels of service provided to our customers and often become more challenging each year.

This means that, for some performance commitments, if we fall short and don't hit our targets, we will receive a financial penalty. If we were able to deliver more, we may receive a financial reward. Some ODIs are penalty only, meaning if we do not perform as expected we will receive a penalty, but there is no reward if we outperform.

Not all our performance commitments have financial incentives, some have only reputational incentives. Although performance commitments with a reputational incentive don't offer a reward or penalty, how we perform can affect how we are seen as a company, making them just as important.

Comparing our performance

All water companies have their own set of performance commitments which have been individually developed to meet the needs and concerns of each company's customers. This can make it difficult to compare performance across different water companies, even similar sounding performance commitments can have different definitions.

Yorkshire Water have 44 performance commitments in total. 15 of these are shared across the water industry, known as common performance commitments. We talk about our common performance commitments on page 58 onwards.

Discover Water

Discover Water (discoverwater.co.uk) was launched in 2016 to bring key water company information together in one place for customers. The dashboard provided by Discover Water is a clear and simple source for trustworthy and factual information including how companies are performing against each other in key areas.

Ofwat

Ofwat publish a '**Monitoring financial resilience**' report each year using the information published by water companies in their Annual Performance Reports. The report compares the financial resilience and performance of the water industry.
ofwat.gov.uk/regulated-companies/resilience-in-the-round/monitoring-financial-resilience/

Ofwat also publish a **Water Company Performance Report** annually in December. They assess the performance of water companies and rank them in various areas including pollution, water supply interruptions and leakage.
ofwat.gov.uk/publication/water-company-performance-report-2021-22/

How did we perform against our performance commitments?

Overall we achieved 22 out of our 44 performance commitments this year. The table below gives an overview of each performance commitment, the target, and our actual performance for this year. Over the next few pages we explain in more detail what went well and what we need to improve.

Performance commitment	Unit (how it's measured)	Target	Performance (how we did)	Pass or fail	Reward or Penalty
Water quality compliance (CRI)	Numerical CRI score, reported to two decimal places.	0.00	4.61	✗	£3.813m penalty
Water supply interruptions	Hours:minutes:seconds (HH:MM:SS) of water supply lost per property per year.	00:05:45	00:09:27	✗	£4.551m penalty
Leakage	Percentage reduction of leakage from 2019/2020 baseline.	9.4%	9.5%	✓	£70k reward
Per capita consumption	Percentage reduction of measured water usage, per person, per day, from 2019/2020 baseline.	7.4%	-3.1%	✗	£2.997m penalty but collected at the end of the AMP
Mains repairs	Number of repairs per 1,000 km of mains.	181.0	219.3	✗	£4.726m penalty
Unplanned outage	Percentage of peak week production capacity.	3.73%	3.26%	✓	Penalty only measure so no reward

Performance commitment	Unit (how it's measured)	Target	Performance (how we did)	Pass or fail	Reward or Penalty
Risk of severe restrictions in a drought	Percentage of the customer population at risk of experiencing severe restrictions in a 1-in-200 year drought, on average, over 25 years.	0.0%	4.0%	✗	Reputational only
Priority services for customers in vulnerable circumstances (in order to meet this performance commitment overall, all three sub measures must be met)	**Priority Services Register (PSR) reach:** percentage of households that the company supplies with water and/or wastewater services that are registered on the company's PSR;	7.5%	4.8%	✗	Reputational only
	Actual contacts: percentage of distinct households on the PSR that the company has attempted to contact over a two-year period;	35.0%	17.4%	✗	Reputational only
	Attempted contacts: percentage of distinct households on the PSR that the company has actually contacted over a two-year period.	90.0%	99.8%	✓	Reputational only
Internal sewer flooding	Number of internal flooding incidents per 10,000 sewer connections.	1.58	2.67	✗	£9.194m penalty
Pollution incidents	Number of pollution incidents per 10,000 km of the wastewater network.	23.00	22.39	✓	£266k reward
Risk of sewer flooding in a storm	Percentage of population at risk from internal hydraulic flooding from a 1 in 50-year storm.	22.20%	5.66%	✓	Reputational only
Sewer collapses	Number of collapses per 1,000 km of sewer network.	16.83	10.96	✓	Penalty only measure so no reward
Treatment works compliance	Percentage compliance of our treatment works.	100.00%	99.68%	✗	No penalty as within deadband
C-MeX	Customer service level of service scoring out of 100.	n/a	78.25	✗	£570k penalty
D-MeX	Developer services level of service scoring out of 100.	n/a	80.08	✗	£2.708m penalty
Working with others	Number of projects completed to 31 March 2023.	18	19	✓	Calculated in 2025
Land conserved and enhanced	Number of hectares of land conserved or enhanced by land management and biodiversity activities to 31 March 2023.	9,143	9,768	✓	Calculated in 2025

Performance commitment	Unit (how it's measured)	Target	Performance (how we did)	Pass or fail	Reward or Penalty
Integrated catchment management	Percentage of catchments with the 'Natural Capital Operator' approach implemented with stakeholders to 31 March 2023.	2.6%	0.0%	✕	Reputational only
Length of river improved	Cumulative length of river improved in kilometres to March 2023.	47.3km	53.7km	✓	Calculated in 2025
Biosecurity implementation	Cumulative number of pathways where company biosecurity interventions have reduced the risk of that invasive species spread to 31 March 2023.	6	4	✕	Reputational only
Operational carbon	The percentage reduction in real terms of net operational carbon equivalent emissions from the 2019/2020 baseline.	7.2%	10.9%	✓	£873k reward
Capital carbon and carbon arising from owned land	Percentage reduction in capital carbon emissions and carbon emissions arising from land the company owns.	n/a	37.9%	✓	Reputational only
Education	Number of learning hours that Yorkshire Water provides to raise understanding of the value of water.	20,000	28,164	✓	Penalty only measure so no reward
Creating value from waste	The cumulative value the company creates from resources currently under-used or classified as waste (£m) to 31 March 2023.	£10m	£281m	✓	Reputational only
Water recycling	The volume of water recycled in the company's treatment sites in megalitres per day (Ml/d).	5.79	0.00	✕	£85k penalty
Affordability of bills	Percentage of customers who give positive responses to independent survey.	83%	77%	✕	Reputational only
Direct support given to customers	The number of residential customers who receive financial support through one of the company's approved schemes each year.	75,000	95,138	✓	Reputational only
Cost of bad debt	Percentage of the annual bill which represents the cost of unrecovered residential customers' bills ('bad debt').	3.48%	3.38%	✓	Reputational only

Performance commitment	Unit (how it's measured)	Target	Performance (how we did)	Pass or fail	Reward or Penalty
Priority services awareness	Percentage of household customers who state, when questioned, that they are aware of the additional services offered by the Priority Services Register (PSR).	58%	51%	✗	Reputational only
Priority services satisfaction	Percentage of residential customers on the Priority Services Register who are satisfied with their experience of the Priority Services Register.	88%	85%	✗	Reputational only
Inclusive customer service	Percentage improvement in the services provided to customers on the company's Priority Services Register (PSR).	12%	19%	✓	Reputational only
Gap sites	Percentage of gap sites brought into billing within 12 months of identification.	86%	95%	✓	Penalty only measure so no reward
Managing void properties	Percentage of household served which are classified as void.	4.15%	3.60%	✓	£1.989m reward
Drinking water contacts	Number of times the company is contacted by consumers due to the taste and odour of drinking water, or due to drinking water not being clear, reported per 10,000 population.	9.7	10.2	✗	£615k penalty
Significant water supply events	Number of supply interruption events lasting for a duration of 12 hours or longer.	12	20	✗	£2.120m penalty
Low pressure	Number of properties receiving or at risk of receiving pressure below the low pressure reference level.	12	4	✓	Penalty only measure so no reward
Repairing or replacing customer pipes	Number of residential supply pipe repairs and renewals carried out by the company each year for no charge.	7,386	6,441	✗	£424k penalty
External sewer flooding	Number of external sewer flooding incidents per year.	6,431	5,375	✓	£8.342m reward
Bathing water quality	Number of designated bathing waters which exceed the European Union Bathing Water Directive requirements.	18	16	✗	£2.470m penalty

Performance commitment	Unit (how it's measured)	Target	Performance (how we did)	Pass or fail	Reward or Penalty
Surface water management	The cumulative number of hectares (Ha) of surface water run-off removed or reduced to 31 March 2023.	5	4	✗	£5k penalty
Quality agricultural products	Percentage of biosolids sent to agricultural land that achieves Biosolids Assurance Scheme (BAS) certification.	100%	100%	✓	Penalty only measure so no reward
Renewable energy generation	The gigawatt-hours of energy generated from the biogas the company produces.	286GWh	282GWh	✗	Reputational only
Delivery of water industry national environment programme (WINEP) requirements	Number of required schemes completed each year, as per the latest WINEP programme published by DEFRA.	Met	Met	✓	Reputational only
Living with water	Amount of money (£m) invested into reducing the risk of internal flooding in the areas of Hull and Haltemprice.	n/a	£4.568m	✓	Calculated in 2025

Common Performance Commitments

This section sets out the detail of each of the 15 common performance commitments which Ofwat has put in place for AMP7. This means that our performance can be benchmarked against other water companies across some of the key services that we provide to customers.

We explain where you can find comparative performance on **page 52 'Comparing our performance'**.

In this section we explain the 15 common performance commitments, and how we've performed against them. We also let you know what we have learned and how we will maintain or improve our performance going forward.

Water quality compliance (CRI)

Measuring the quality of our water

What is it?

This performance commitment shows how we measure the quality of our water. We test water samples, and the results give us a Compliance Risk Index (CRI) score. A lower score is better, and our score increases with each quality failure at all points in our water supply system.

Why is it important?

We want our customers to trust that the water we supply is clean, safe to drink and adheres to drinking water quality requirements.

This target is set at an aspirational level because no level of exceedance of water quality standards can be considered acceptable.

Our performance

As with all water quality measures, CRI is reported on a calendar year basis. The company's CRI score for 2022 is 4.61. Although performance is not where we want it to be, it is encouraging to see an improvement from the 4.76 aligned to the DWI data 2021.

Contribution to overall CRI impact in 2022 was spread over several parameters. The largest individual proportion of impact was related to Water Treatment Works (WTW) coliform detections. There were five detections of coliforms at WTWs in 2022, a reduction from 6 in 2021, but 2 of these detections were also found to contain E.coli bacteria. Coliform bacteria were detected at Tophill Low, Keldgate, Loxley, East Ness and Huby WTWs. Each of the failures was thoroughly investigated, and potential causes were identified in each case to ensure we take learnings from these.

Another common contribution to the CRI impact is from aesthetic metals failures. We have a long-standing relationship with the Pennine Water Group at Sheffield University and have used this group to provide expert investigation to support a more targeted flushing programme, helping reduce these failures. We continue to work closely with them to identify the true underlying causes of aesthetic metals failures at a local network level.

Although we are forecasting a strong trajectory of improvement, we are not yet forecasting to hit the performance commitment by the end of the AMP. This performance measure was one that we have included in our action plan to improve performance, which was published in April 2023

yorkshirewater.com/media/z30ezqyw/yw-action-plan-2023-refreshed-version.pdf

Within this action plan, we identified a number of actions that will be fully delivered before the end of this AMP and some longer term improvement actions that will commence in AMP8. We're confident in our ability to maintain a steady improvement trajectory. Improving water quality compliance is at the core of our water quality ambition and our long-term strategy.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	0.00	2.34	✗	£0.417m Penalty
2021/2022	0.00	4.76	✗	£3.384m Penalty
2022/2023	0.00	4.61	✗	£3.813m Penalty

Water supply interruptions

Reducing the length of interruptions to your water supply

What is it?

This measures the average time each property is without a water supply for interruptions lasting more than three hours.

We report this in hours, minutes, and seconds.

Why is it important?

We understand how much of an inconvenience it can be to be without water. It's important that we reduce the time that our customers are without supply. This performance commitment drives improvements to the efficiency of restoring supply to our customers after an incident.

Our performance

We did not achieve the target, the performance this year of 9 minutes 27 seconds is 3 minutes 42 seconds adverse to the target for the year.

We started 2022/2023 strongly but in week 20 of the year, we experienced our first large event due to a trunk main burst in Ripon, a remote single supply area with no rezone options to restore supplies. This event added 63 seconds to performance. We had two additional events in the following few weeks, bringing the total impact up to 106 seconds. We have now implemented a Single No Water incident process. In addition, we have enhanced available restoration options. An example of this is the procurement of six trailers to carry Arlington Tanks, which can then be deployed during interruption events to temporarily restore properties. Three Arlington Tanks can carry the same amount of water as a small tanker, and can be left in situ to temporarily restore properties whilst mains repairs are being carried out, reducing the impact of interruptions on customers, in particular where isolated properties in remote areas may be interrupted for longer periods of time.

Throughout the summer months of July and August a prolonged hot weather event occurred where areas of Yorkshire exceeded 40 degrees. This extended period increased demand significantly, in turn raising network failure levels and mains repair activity due to high levels of soil moisture deficit. Throughout this period 45 event reviews were generated, and we saw an overall impact of 200 seconds on performance. Over winter we experienced a significant freeze/thaw event throughout December, however learning we implemented from the Beast from the East and Storm Arwen allowed us to mitigate the impact on performance, resulting in only 42 seconds added to the measure.

Overall throughout a challenging 2022/2023 we experienced 9 large impacting events (greater than 10 customer seconds lost) that accounts for 3 minutes and 8 seconds of this year's performance. This is a significant reduction on last year's large events impact and demonstrates our learning and improvement in response to these types of catastrophic failure.

A lead measure for interruptions performance is the volume of Service Events we manage, these are interruptions events managed and logged by the control room. Service Event levels in 2022/2023 rose 36% in comparison to 2021/2022. The levels seen this year were similar to 2018/2019 where we saw our busiest summer ever due to a prolonged hot period. Throughout June to September we experienced the highest volume of long running interruptions (8 hours +), this aligns to when demand was highest due to summer escalation and network failure level increases.

A project to ensure all network information is accurate and up to date is currently ongoing. This will ensure that the field technicians and engineers have the right information to hand when out in the field to improve decision making. So far 500 schematics have been updated and are available for use with the remainder being worked on throughout AMP7.

Visible Valve status updates provide key information of how and when our network and assets have been operated. They are critical for not only incident management, but in the hydraulic review process to create an accurate timeline of events. We are currently working on a change project to provide improvements to this software, including adding 'part open/closed' functionality, expanding capability to capture the use of hydrants, and the option to manually enter the time operated if completing retrospectively. This will enhance our data capture.

We are working closely with our Capital Delivery Team to mitigate the impact of interruptions whilst completing lining and mains renewal schemes. The target for planned work impact on interruptions is 0 customer seconds lost, therefore this joined up approach will continue going forward as further work is completed throughout the AMP and into PR24.

Water supply interruption performance is reviewed through a daily operational call and a weekly tactical meeting. At these meetings key stakeholders review performance, critical factors and lead measures and put in place tactical intervention actions to improve performance and address issues.

Water supply interruptions was identified and included within our action plan to improve performance, which was published in April 2023

yorkshirewater.com/media/z30ezqyw/yw-action-plan-2023-refreshed-version.pdf

A number of actions, that will be delivered between September 2023 and through AMP8, will deliver improvement in performance against this commitment. We're confident in our ability to maintain a steady trajectory towards the performance commitment through the rest of this AMP and across the next. We will deliver on our smart calm resilient networks plan, and changes to our field ways of working by the end of March 2025. This plan complements improvements in leakage and mains repairs too. Operational interventions have been made this year to enhance incident response and mitigate the impact of significant network asset failure. Interventions already begun have helped to stabilise performance and the company responded well during the December 2022 freeze-thaw event, with limited customer impact despite very challenging conditions. In addition to the actions underway, we do recognise the need to deliver sustainable long-term improvement in our distribution network assets, therefore in our AMP8 submission we are proposing an enhanced mains renewal programme to improve resilience and provide benefits to supply interruptions, leakage, asset health and water quality.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	00:06:30	00:07:14	✗	£0.909m Penalty
2021/2022	00:06:08	00:10:38	✗	£5.536m Penalty
2022/2023	00:05:45	00:09:27	✗	£4.551m Penalty

Leakage

Reducing the water lost from our network as a result of leakage

What is it?

This measures the amount of water lost between our treatment works and our customers' taps.

It reports the percentage reduction of our leakage each year. In our 2019/2020 Annual Performance Report (APR) we reported our total baseline leakage level. This is a three-year average of annual values. It includes an average of 2017/2018, 2018/2019 and 2019/2020 leakage levels and is expressed in megalitres per day (Ml/d). The 2019/2020 baseline total leakage level is 315.3 Ml/d. Our targets represent a percentage reduction of that figure.

Why is it important?

It's important that we utilise all the resources that we have to continue to provide Yorkshire with a reliable supply of water. Reducing leakage means we use our water resources more efficiently and demonstrates the resilience of our network.

Our performance

2022/2023 Leakage out turned at 282.8Ml/d in the year, which is a 0.3Ml/d decrease on the previous year. The 3-year rolling average is calculated as 285.2Ml/d against a target of 285.7Ml/d. A reduction of 9.5% from the baseline against a target reduction of 9.4%, meaning we have met our target this year.

There were significant challenges to leakage performance during 2022/2023 due to the extreme weather conditions faced; both the hot dry summer and the cold sharp winter led to high levels of break out leakage. Leakage peaked at 432Ml/d on 19th December, a 140Ml/d increase in less than a week. We saw a further increase towards the end of January.

Leakage was identified and included within our action plan to improve performance, which was published in April 2023.

yorkshirewater.com/media/z30ezqyw/yw-action-plan-2023-refreshed-version.pdf

A number of actions, that will be delivered between September 2023 and through AMP8, will deliver improvement in performance against this commitment. We will deliver on our smart calm resilient networks plan and our approach to Active Leakage Control by the end of March 2025. This plan complements improvements in water supply interruptions too. In the remaining two years of the AMP we will be adopting new tools, technology and ways of working for some of our most problematic areas. Planning work completed in Year 3 has informed our approach to investing in a number of significant projects.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	3.4%	3.5%	✓	£56k Reward
2021/2022	7.4%	7.9%	✓	£209k Reward
2022/2023	9.4%	9.5%	✓	£70k Reward

Per capita consumption

Helping our customers to use water more efficiently

What is it?

Per capita consumption (PCC) is a measure on how much water the average person uses each day. It is reported as a percentage reduction of water usage each year from our 2019/2020 reported baseline level. Our baseline is calculated as an average of 2017/2018, 2018/2019 and 2019/2020 performance expressed in litres per person per day (l/p/d) and only covers household usage.

Why is it important?

It's important we use water carefully to make sure there's enough for everyone. We work with our customers so there is a better understanding of the way in which water is supplied and treated and taken care of. It's also important to us that our customers see the benefits of using less water where possible and we can support them. Reducing water usage mitigates possible long term supply and demand pressures and reduces the need for abstraction.

COVID-19

Due to the ongoing impact of COVID-19, our regulator, Ofwat, has taken the decision to assess this measure at the end of this AMP. This means the overall performance will be reviewed in 2024/2025. We will continue to report our performance annually against the targets that were set.

Our performance

Our three-year rolling performance is 132.2 l/h/d, calculated as an average of our performance over the last 3 reporting years. This is equivalent to a 3.1% increase from our baseline of 128.2 l/h/d, or 4 l/h/d in absolute terms. This does not meet our target of a 7.4% reduction compared to our baseline.

For 2022/2023, PCC was 123.9 l/h/d, a reduction from the 131.5 l/h/d recorded in 2021/2022.

The reduction in consumption compared with the previous year could be a result of a reduction in unemployment and more people returning to offices following the COVID-19 pandemic. However, there is still a large proportion of customers working at home compared with pre-pandemic levels, which does have an impact on water use and consumption habits.

We expect PCC to remain above the performance commitment target for the remainder of the AMP due to the ongoing changes in customer behaviour following COVID-19 and the impact of increased temperatures we saw in summer. This will not limit our demand reduction activities.

PCC was identified and included within our action plan to improve performance, which was published in April 2023

yorkshirewater.com/media/z30ezqyw/yw-action-plan-2023-refreshed-version.pdf

Across the remainder of AMP7, our plan is to reduce PCC back to our baseline of 128.2l/p/d by 2025. While we are confident in our own actions, a step-change in use of water will ultimately require a national campaign with Government support in communications and policy change.

Overall, linking the use of water efficiency products and services with improved customer access to their water usage information will provide the foundations needed to effectively communicate, educate and innovate with our customers on water use reduction so we can achieve our 2050 target. Some of the demand reduction activities that we are currently working on include:

- **Smart meters** – During the year in a drive to understand the consumption and leakage split we have a project underway to install smart meters in Huddersfield first. When all meters are installed, and we review the success of this project, we plan to turn more areas smart in AMP7.
- **AMI Smart meters** – We have this year started the deployment of AMI smart meters and we plan to replace all existing meters with an AMI smart meter in the future. This installation of AMI smart meters will enable us to view consumption data at a more granular level which will allow us to see trends in consumption and allow us to communicate with customers about their consumption. This improved data from the AMI smart meter should enable us to work with our customers to reduce their water usage by increasing their knowledge and awareness of their consumption and the need to preserve water.
- **Water Strategy, Planning & Investment department** – this team has been established, which enables us to segregate the day-to-day operations from the longer-term strategy to ensure we achieve our longer-term targets.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty*
2020/2021	2.4%	-3.4%	✗	£1.643m Penalty
2021/2022	4.9%	-4.1%	✗	£2.575m Penalty
2022/2023	7.4%	-3.1%	✗	£2.997m Penalty

* This is the level of reward/penalty obtained within the year. However, this will be assessed overall in Year 5 when the full effects of the COVID-19 pandemic on consumption can be further understood.

Mains repairs

Maintaining and improving the resilience of our below ground water assets

What is it?

This measure reports the number of repairs that have been made per 1000km of mains in our network.

Why is it important?

This measure demonstrates the resilience of our network and ensures we continue to maintain and improve our network and provide a reliable water supply to our customers.

Our performance

Performance in 2022/2023 does not meet the target. We performed 7,075 mains repairs this reporting year, which translates to 219.3 repairs made per 1,000km of network. Of these, 2,507 were proactive repairs to maintain our network and 4,568 were reactive in response to events.

During this year, a new software system (FLYD) was introduced. This has given greater visibility of the jobs being undertaken and the timeline of decisions around it.

Mains repairs was identified and included within our action plan to improve performance, which was published in April 2023

yorkshirewater.com/media/z30ezqyw/yw-action-plan-2023-refreshed-version.pdf

A number of actions, that will be delivered between September 2023 and through AMP8, will deliver improvement in performance against this commitment.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	186.1	215.8	✗	£3.290m Penalty
2021/2022	183.6	169.8	✓	n/a
2022/2023	181.0	219.3	✗	£4.726m Penalty

This performance commitment is penalty only, meaning we only receive a penalty for poor performance and no reward for outperformance.

Unplanned outages

Maintaining and improving our above ground water assets

What is it?

This measure reports the percentage drop in our peak-week production capabilities. Essentially, it's when the amount of clean water we can produce is reduced temporarily due to our assets not working as expected. We measure the reduction in megalitres per day and report the overall reduction as a percentage.

Why is it important?

It's important that we maintain and improve our overground assets to provide a reliable supply of water to our customers.

Our performance

We have achieved our target for this performance commitment. In 2022/2023, we achieved 3.26%, against a target of 3.73%.

Our company level of peak week production capacity (PWPC) was 1,639.1Ml/d.

Planned outage is when assets are taken out of service or become unavailable due to a planned intervention, such as planned maintenance or capital intervention. The level of planned outage for the reporting year 2022/2023 is 42.43Ml/d, equal to 2.59%, which is an increase from last year (1.45%). Unplanned outage 53.28Ml/d.

There are some key outages throughout the year that contributed to the outturn figure of 3.26%. The largest contributor was Elvington WTW where acid pump failures caused a flow reduction of 16.9Ml/d, restricting overall site flows to 195 Ml/d for the remainder of the year.

A large impacting event occurred at Chellow Heights which resulted in an availability restriction of 25 Ml/d due to the loss of key assets situated in a basement that was overwhelmed with water ingress. The repairs and turnaround time of impacted assets and equipment had a significant impact on unplanned outage.

Valve failure also caused a significant outage at Rivelin WTW where the intersecting loss of three Rapid Gravity Filters over a period of six months caused a maximum outage value of 20 Ml/d when all three filters were out of service.

In June 2022 we set up The Operational Tactical Group in response to the hugely challenging supply and demand pressure caused by the exceptional dry and hot weather period putting Yorkshire into drought status. The group was chaired by the Regional Manager of Water Production and consisted of all Raw Water and Water Treatment area managers, Supply System Engineers, Water Quality Scientists and Engineering and Maintenance Managers. The daily meeting meant that any outage or flow restriction was picked up immediately, challenged but more importantly meant that the identified resolutions were identified and prioritised in the respective teams immediately. This is due to the fact that the huge supply demand pressure often meant any prolonged outage would have caused a customer impact and could not be afforded. The excellent work by the group meant that Yorkshire Water did not suffer any loss of service event due to a water treatment works unplanned outage in 2022/2023.

We have reviewed all the elements of each component involved in this performance commitment and can confirm that we are assessed as green and are fully compliant with the guidance.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	5.12%	3.87%	✓	n/a
2021/2022	4.42%	3.82%	✓	n/a
2022/2023	3.73%	3.26%	✓	n/a

This performance commitment is penalty only. As we have achieved the target for this measure, there is no penalty but also no reward.

Risk of severe restrictions in a drought

Improving our long-term resilience and lowering risks to water supply

What is it?

This performance commitment measures how many of our customers would be at risk of experiencing severe water restrictions in a 1-in-200-year drought, on average, over the next 25 years. We report this as the percentage of customers who may be at risk if such an event should occur.

Why is it important?

We understand the effect it has on our customers when we must put restrictions in place to maintain water supply in our region. It's important that we effectively review our supply and demand analysis to identify any risks to our customers to help us to prevent restrictions being applied. To reflect the importance of this measure, the target throughout 2020-2025 is zero.

Our performance

We did not achieve the 0% target on this performance commitment. The percentage of population affected by severe drought restrictions in a 1-in-200-year drought event is 4%. This is the average based on the 25-year period for our baseline planning scenario. This reflects the population at risk of the average supply demand deficit over the 25 years before any of the solutions and potential intervention to prevent this.

We have plans in place to implement additional measures to reduce leakage, which will help address the supply demand deficit. We expect that our risk of severe restrictions for a 1 in 200 year event to remain at 4% over the next few years.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	0.0%	0.0%	✓	n/a
2021/2022	0.0%	4.0%	✗	n/a
2022/2023	0.0%	4.0%	✗	n/a

This performance commitment is reputational only and therefore holds no reward or penalty.

Priority services for customers in vulnerable circumstances

Improving services for our vulnerable customers

What is it?

The Priority Services Register (PSR) offers free extra services to our vulnerable customers who need them. This performance commitment has three elements that are measured and reported separately, however all three must be achieved to pass the performance commitment overall.

Reach: percentage of households that we supply with water and/or wastewater services that are registered on our PSR.

Attempted contact: percentage of individual households on the PSR that we've attempted to contact over a two-year period.

Actual contact: percentage of individual households on the PSR that we've actually contacted over a two-year period.

Why is it important?

It's important that we continue to identify customers in our region that may need additional support from us. We also want to make sure that those on the PSR are receiving services that are still appropriate for them if, for example, their circumstances have changed. Keeping our data compliant and up to date is key to ensuring our customers receive adequate services.

Our performance

We met the target for one of the elements, attempted contact, within this performance commitment in 2022/2023. This meant we have not met this performance commitment, as all three elements need to meet target in order to claim this performance commitment.

Under the reach element of this performance commitment, we are pleased to see that our 4.8% performance is an improved position when comparing to 2021/2022. We have delivered our services to 109,194 customers, an increase of 23% on the previous year, which is great news, but we know we can do more.

We're focused on reaching those customers who we know will really benefit from the services we can offer. The definition we use for vulnerability is wide enough to include many types of needs, and some of these customers are already very engaged with us making it easier for them to take advantage of the services. In particular we've focused on using different types of messaging via social media and have begun working in partnership with local charities to break down the challenges we have in engaging with some of our customer groups.

We are working closely with the energy sector to utilise data sharing between utility companies to reach customers who have not engaged with their water provider for PSR services. Data sharing arrangements are now in place at the end of 2022/2023 and will be operationalised to their fullest in 2023/2024.

We're continuing to improve our methods of contacting customers in vulnerable circumstances to make it easy for them to access our priority services. We've over 64,000 customers who have been on our PSR for over two years.

Almost all customers on our PSR have received at least two letter communications from us this year to remind them of their PSR services and request that they update/verify their services with us. This has resulted in a performance of over 99% on 'attempted contact'. In addition to the letters we have continued other engagement opportunities including outbound text messaging and outbound phone-calls.

Of all the customers contacted, we have received confirmation of PSR services from over 17% (actual contact).

The total number of households on the PSR increased by 20,492 from 88,702 to 109,194. This increase arose from 33,226 added accounts less the 12,734 that were removed.

Reach:

Year	Target	Performance	Target Achieved
2020/2021	4.0%	3.5%	✗
2021/2022	5.8%	3.9%	✗
2022/2023	7.5%	4.8%	✗

Attempted contact:

Year	Target	Performance	Target Achieved
2020/2021	45.0%	46.3%	✓
2021/2022	90.0%	45.2%	✗
2022/2023	90.0%	99.8%	✓

Actual contact:

Year	Target	Performance	Target Achieved
2020/2021	17.5%	17.3%	✗
2021/2022	35.0%	14.3%	✗
2022/2023	35.0%	17.4%	✗

The table below provides the breakdown of PSR membership by the number of individuals registered receiving support for a) communication, b) support with mobility and access restrictions c) support with supply interruption, d) support with security and e) support with other needs.

PSR membership by main support area:

Year	Communication	Mobility	Supply	Security	Other	Total
2020/2021	12,474	16,318	8,415	48,666	18,619	**104,492**
2021/2022	15,331	20,413	12,215	50,859	25,536	**124,354**
2022/2023	24,943	35,366	23,283	53,018	34,976	**171,586**

Internal sewer flooding

Reducing disruption caused by internal sewer flooding events

What is it?

Internal flooding is when an escape from the sewerage system enters a building or passes below a suspended floor. This measure reports the number of internal sewer flooding events each year per 10,000 sewer connections. This includes events that are caused by severe weather.

Why is it important?

We know that internal flooding incidents have a big impact on the lives of our customers, and we understand how unpleasant these events can be. It's important to us that we reduce these incidents and the effect they have on our customers.

Our performance

This section details our performance for both internal and external sewer flooding. This is because the same teams work on the measures and so the improvement plans and performance are intrinsically linked. You can see our external sewer flooding (ESF) performance on page 107.

Though we have seen an improvement in the number of internal sewer flooding (ISF) events, we have not made sufficient improvement to reach the required target. There are 630 incidents this year compared to 664 in Year 2 and 778 in Year 1 of this AMP.

Whilst we have seen improvement, weather events have impacted our performance. We have seen a higher number of incidents related to blockages, particularly on ESF. Following the dry summer, which led to a drought, Yorkshire Water implemented a Temporary Use Ban. However, from September we started to see monthly rainfall above the yearly average. We believe this has impacted blockage related incidents. The rainfall at the end of December and into early January led to our worst performing month on ESF so far this AMP. A total of 26 of our ESF incidents and 6 of our ISF incidents were due to exceptional weather.

Internal sewer flooding was identified and included within our action plan to improve performance, which was published in April 2023

yorkshirewater.com/media/z30ezqyw/yw-action-plan-2023-refreshed-version.pdf

We have continued to invest significantly to transform our approach to sewer flooding at every stage in the incident process. Building on our improvement in Year 2, we have worked hard to further refine the process to ensure continuous improvement.

The changes and improvements can be categorised into:
1. Elimination at source
2. Enhanced initial response
3. Elimination of repeats
4. Management information & governance

1. Eliminate at source

To reduce the number of initial flooding incidents at customer properties we have invested £10m in Year 3 of the AMP in proactive schemes to prevent initial flooding incidents occurring. We continue to build on the targeted approach carrying out sewer investigations at 97,980 properties. This found 2,652 defects, of which 1,947 were repaired within the year and the remaining will be carried over for repair in Year 4.

In addition to property visits, CCTV of the mainline public sewer located in the highway was also completed to allow us to look for blockages and defects. We carried out CCTV along 108km. This found 233 defects and 103 blockages.

We invested a further £20.2m in the reactive repair and maintenance of our network following reactive customer incidents.

We are currently delivering a programme to increase the Customer Sewer Alarms asset base. The installations of the devices resulted in 600 blockages being cleared in the reporting year following the alarm notification into our control centre.

Our dedicated Network Protection Team continue to undertake the following activity aimed at reducing sewer flooding risks:

- **Education and engagement.** Proactively, we engage with both domestic and commercial customers to educate them on unsuitable materials and how disposing of these can impact our network and the environment. As part of our engagement plan, we are visiting all Food Service Establishments (FSE's) in Yorkshire's high-risk areas. We have visited 4,300 food service establishments to carry out kitchen audits and provide advice on good kitchen practices. These engagements allow us to liaise with customers to understand their knowledge and attitude towards grease management as well as educating them on how incorrect disposal of food waste, fats, oils and greases, wipes, and any other unsuitable materials can lead to blockages, causing flooding and environmental impact.
- **Monitoring.** A newly established revisit process has already shown that around 50% of businesses following a visit from a Network Engagement Technician have implemented positive changes to their business, either by improving kitchen practices or installing grease management equipment, reducing the risk to them impacting our sewer network. We are currently monitoring 300 businesses who have been identified to have caused an incident from network abuse or negatively impacted the sewer network through their activities. Through a series of investigations, we manage these customers through a staged process. This begins with an engagement visit, but steps through advice, cost recovery and ultimately a legal process. For domestic customers, we have issued nearly 19,000 letters along with 1,188 door to door visits to individual customers in areas where there has been an incident caused by network abuse. Repeat incidents have been prevented at 88% of the customers we have engaged with.

2. Enhanced initial response

Our ISF response to customers has improved from an average of 14.4 hours to 5.9 hours and our ESF response improved from 37.9 hours to 26.7 hours. We continue to drive improvements in this area, with our ambition for a 2 hour ISF response and 4 hour ESF response.

Our 'Fast Track Civils' project supported by our service partner, Avove, has continued to transform our response to incidents. Our average response in 2022/2023 has been 33 hours, which is an improvement from 48 hours in the previous year.

3. Elimination of repeats

We have worked tirelessly to improve our management of incident journey to prevent repeat incidents. This has resulted in the 12-month rolling repeat rate for ISF now sitting at 5.7% and 7.9% for ESF. Moving towards zero tolerance for repeats, we have introduced a 'Risk Reduction Hub'. This hub reviews all repeat incidents in a rolling 12 month period. This has further improved our approach, management of risk and departmental alliance to the reduction of repeat incidents.

4. Management information & governance

To compliment these far-reaching changes and developments in our approach to preventing and managing flooding incidents we have built a robust governance framework to wrap around what we do operationally. Giving operational teams and the business better visibility of what we're doing and building in layers of assurance to provide accurate incident reporting.

We will continue to review all aspects of our sewer flooding process and make further improvements where possible as we continue to gain experience from them.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	1.68	3.34	✗	£9.025m Penalty
2021/2022	1.63	2.83	✗	£10.122m Penalty
2022/2023	1.58	2.67	✗	£9.194m Penalty

Pollution incidents

Improving the quality of the environment

What is it?

This performance commitment measures the number of pollution incidents caused by our wastewater assets, for every 10,000 km of our wastewater network. This is a calendar year measure from January to December.
The measure includes category 1, 2 and 3 incidents as defined by the Environmental Agency (EA) guidance.

Why is it important?

We know our customers care about the environment and take an interest in this measure, especially if we are not performing well. Any pollution incident is disappointing and so it's important to us to reduce the number of events that occur and improve the quality of our environment.

Our performance

This year we are reporting 117 incidents, which is made up of 114 Category 3 incidents and three Category 2 incidents. The measure is expressed as the total number of pollution incidents (categories 1 to 3) per 10,000 km of sewer length. We have had 117 incidents and our sewer length is 52,263.00km and so our performance is 22.39, which meets our target and places us with a reward.

Our performance is an improvement from the previous year, and some of the reasons for this include:

- Delivery of commitments outlined in the Pollution Incident Reduction Plan (PIRP) and the ongoing work to review and update the plan
- Proactive interventions to prevent pollutions
- Continued focus on pollution throughout Yorkshire Water
- Robust root cause analysis to enable learning to come out of incidents to prevent repeats
- Working closely with the Environment Agency to ensure accuracy of reporting and categorisation of incidents
- Working within a well-established and robust meeting structure where things are discussed from local to director level between Yorkshire Water and the Environment Agency.

The pollution team provided face to face training for field teams on pollution response and evidence capture. To support this training a new e-learning package has been developed for all Yorkshire Water employees, which will be launched in May 2023. The pollution team have also run a series of workshops to further promote the importance of evidence capture and a reminder on root cause analysis and the importance of learning from incidents. Yorkshire Water and the Environment Agency recently undertook a joint training exercise to simulate a pollution and to learn on both sides about response.

Our PIRP (pollution incident reduction plan) explains how we will reduce pollution incidents across our asset base. Pollution can arise from any of our assets: our water treatment works, our wastewater treatment works, our water distribution system and our sewerage system. Pollution arises from asset failures such as burst pipes, from the impacts of severe weather such as flooding, or the handling and storage of chemicals used in treatment processes.

The Board approved our PIRP. This covers all assets with an emphasis on our sewage network as it accounts for most of our pollution incidents. A copy of the plan can be found here:
yorkshirewater.com/media/4boj2gek/yw_pollution-incident-reduction-plan.pdf

Pollution was identified and included within our action plan to improve performance, which was published in April 2023
yorkshirewater.com/media/z30ezqyw/yw-action-plan-2023-refreshed-version.pdf

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	24.51	24.00	✓	£222k Reward
2021/2022	23.74	27.36	✗	£2.483m Penalty
2022/2023	23.00	22.39	✓	£266k Reward

Risk of flooding in storm

Reducing the flood risk to our customers due to severe weather events

What is it?

This measures the percentage of our customers who would be at risk of sewer flooding from a 1-in-50-year storm, based on modelled predictions.

Why is it important?

It's important that we can identify where there is a risk of sewer flooding so we can put plans in place to protect our customers and reduce the effects of severe weather events.

Our performance

The population at risk of sewer flooding in a storm has increased slightly to 5.66% from 5.65% last reporting year. This small change can be attributed to using the latest years growth prediction for the population growth forecast data. However, like last year, this does represent excellent performance against this performance commitment.

The metric continues to align with the processes and data used in our Drainage and Wastewater Management Plans.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	22.20%	5.60%	✓	n/a
2021/2022	22.20%	5.65%	✓	n/a
2022/2023	22.20%	5.66%	✓	n/a

This performance commitment is reputational only and therefore holds no reward or penalty.

Sewer collapses

Maintaining and improving the health of our below ground wastewater assets

What is it?

This performance commitment measures the number of sewer collapses per 1000km of the sewer network. A sewer collapse is where a structural failure has occurred to the pipe that results in a service impact to a customer or the environment and where action is taken to replace or repair the pipe to reinstate normal service.

Why is it important?

It's important that we maintain our underground wastewater assets as we recognise that a failure of these could have a detrimental effect on our customers and the environment. In order to improve services to our customers for now and the future, we are working hard to reduce the number of sewer collapses on our network.

Our performance

In 2022/2023, we had 576 collapses across our 52,533 km sewer length, which equates to 10.96 collapses per 1,000km of sewer. This is a decrease from 11.71 in 2021/2022.

Performance improvements reflect our continued commitment to increase investment in the wastewater network. The focus has been on eliminating sewer flooding incidents at source and through our Sewer Maintenance Programme. Some of the key outcomes achieved last year are as follows:

- Invested £10m in Year 3 of the AMP in proactive schemes on sewer network
- Invested a further £20.2m in the reactive maintenance of our network
- Carried out sewer investigations at 97,980 properties. This included 2,275 properties with a history of internal sewer flooding and sewer investigations at 3,957 properties with a history of external sewer flooding
- We identified 2,652 defects and repaired 1,947 defects in Year 3 following these investigations, with the remaining repairs to be completed in Year 4
- We carried out CCTV along 108km, which found 233 defects and 103 blockages.

We have a programme of proactive projects which support improving performance of the network for both Pollution and Sewer Flooding Performance. We plan to fund a further £8.5m into our proactive Sewer Network Maintenance project. Year 4 will continue to build on the success already seen and will continue to focus on the worse performing postcodes at street level based on number of internal and external flooding incidents, blockages and collapses.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	18.26	15.67	✓	n/a
2021/2022	17.55	11.71	✓	n/a
2022/2023	16.83	10.96	✓	n/a

This performance commitment is penalty only, meaning only receive a penalty for under performance and no reward for outperformance.

Treatment works compliance

Maintaining and improving the health of our above ground wastewater assets

What is it?

We have permits that control our discharges into watercourses. This performance commitment measures the percentage of our treatment works that comply with their discharge permits.

Why is it important?

We want to make sure that our above ground assets are operating as expected and are compliant with their discharge permits. We know it's important to our customers that we limit our effect on the environment and, if we do have an impact on the environment, we are open and transparent about what we happened and how we will improve.

Our performance

We have not achieved 100% compliance, which is our target. In 2022 we had one failing works. Out of 312 discharges, this calculated performance at 99.68%.

The failing works, Flaxton Sewage Treatment Works, was a result of having three Ammonia (lower) limit breaches, and thus failing on a lookup exceedance tally. This is an improvement from 3 fails (99.03%) of 310 discharge permits in 2021 and 2020.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	100.00%	99.04%	✗	n/a
2021/2022	100.00%	99.03%	✗	n/a
2022/2023	100.00%	99.68%	✗	n/a

This performance commitment is penalty only, meaning we only receive a penalty for poor performance and no reward for outperformance. We receive a penalty when we go under 99%.

C-MeX

Improving the customer service we provide to our residential customers

What is it?

The Customer Measure of Experience (C-MeX) metric is designed to measure how satisfied our household customers are with level of service we provide. It's calculated from two surveys in which customers can rate their experience: the Customer Satisfaction Survey (CSS) and the Customer Experience Survey (CES).

Customer Satisfaction Survey: a survey of customers who have had recent contact with their water company asking them about their experience.

Customer Experience Survey: a survey of randomly selected residents within the region the water company services asking them how satisfied they are with their services. These customers do not have to be the account holders but must be over 18.

Both surveys are completed by agents appointed by Ofwat.

We are ranked against 16 other water companies with number 1 being the best performance and 17th place being the bottom.

Why is it important?

Our customers are at the heart of everything we do, and we are constantly striving to improve the service we provide. Customer feedback allows us to make plans and concentrate our efforts to improve our services for the better.

Our performance

We ranked 11th out of 17 companies overall, a drop in position year on year. Our Customer Service Survey Score was 76.96, down from 77.67 in the prior year.

We ranked in the top half within the industry for our Customer Service Survey score. The most commonly cited causes of dissatisfaction are resolution of issues, followed by communication and ease of contact. Our Customer Experience Survey score was 79.54, down on last year's performance.

We have received a total of 24,350 complaints, 7,381 down on last year's 31,731. One contributing factor is the embedding of the new guidance as well as proactively acting on any dissatisfaction and trying to resolve the matter before it becomes a complaint.

We have in place several C-MeX focused initiatives aimed at driving improved performance including:

- Digital experience improvements are planned in through the Customer Experience Change Portfolio and Programme.
- An affordability hub is in place to address issues given the economic climate post-pandemic and into the future; providing support to colleagues for handling challenging conversations around affordability and consumption.

Customer Satisfaction was identified and included within our action plan to improve performance, which was published in April 2023

yorkshirewater.com/media/z30ezqyw/yw-action-plan-2023-refreshed-version.pdf

Within this action plan, we identified three open actions that we wanted to deliver before the end of June 2023. These actions were:

1. By the end of March 2023, recruit to meet demand at level that customers expect so there is always quick and easy first contact, and good complaint resolution when required. Recruitment activities increased to move us closer to our required numbers, meaning that we are now answering customers queries much quicker.
2. By the end of March 2023, real time updates on resolution timescales for water and waste jobs through performance excellent hubs. Hubs take place with colleagues from Water, Wastewater and Water Quality to support customer resolution and provide reactive real time updates on timescales for customer attendance. This allows Customer Management Centre to provide more accurate information to customers on the first contact, mitigating the need for customers to repeat contact, as well as allowing us the opportunity to escalate any areas of risk, making collective decisions in advance with regards to timescales to better manage customer expectations.
3. By the end of March 2023, remove all private work from wastewater allowing more capacity for Yorkshire Water work. We have introduced over 20 new business rules to mitigate the creation of private work on the first contact from a customer. In addition to this we are working with a Technical Triage team, to help correctly set customer expectations on the first contact and support them in resolving their issue via the correct channel. This work will continue to expand across 2023.
4. From April 2023, introduce new scheduling system to improve visibility of field colleagues and allow us to send the right person with the right skills to the right job. The new scheduling systems have been designed and roll out starts from July for above ground teams, the pilot for the below ground teams will start at the end of summer 2023.
5. By May 2023, upskilling of all billing contact centre agents to manage more complex financial discussions with customers in all circumstances. Colleague masterclasses are now built into monthly training schedules.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	n/a	82.78	✓	£436k Reward
2021/2022	n/a	80.41	✗	£14k Penalty
2022/2023	n/a	78.25	✗	£570k Penalty*

There is no particular target for this performance commitment but we consider that we have met this performance commitment if we are in the top half of companies and therefore in reward.

* The reward/penalty on this commitment is estimated as a final evaluation is completed by Ofwat which will confirm the final penalty figure. We will update this in our re-publication of the APR, in early 2024.

Performance above is the customer service level of service scoring out of 100.

D-MeX

Improving the customer service we provide to our developers

What is it?

The Developer Services Measure of Experience (D-MeX) performance commitment is designed to measure the levels of customer service that we deliver to our customers who are considering or undertaking a new development.

Our overall D-MeX score is calculated from two components that contribute equally:

1. a **qualitative D-MeX score**, based on the ratings provided by developer services customers who transacted with us throughout the reporting year to a customer satisfaction survey; and
2. a **quantitative D-MeX score**, based on our performance against a set of selected Water UK performance metrics throughout the reporting year.

The survey is conducted by an independent agent appointed by Ofwat.

Why is it important?

It's important that the services that we provide to developers of all sizes are the highest standard, and so understanding how we are doing helps us drive improvements and focus on where we could do better.

Our performance

During 2022/2023 we have made great progress in our levels of service and started the financial year in a stronger position building on the improvements from the previous year. The additional improvements implemented early in the year took time to embed and to translate into results for our customers, once embedded, there was a significant improvement in our performance. Over the remainder of the year, we continued to engage with our customers and other key stakeholders to further define and implement improvement opportunities.

Despite achieving an average of 96.44% for quantitative D-MeX performance for the last nine months of the year and achieving a 45% improvement in our overall D-MeX performance, we still finished the reporting year in 17th position. This was heavily impacted by performance in the first three months of the year. Our qualitative D-MeX performance has seen improvements for the last six consecutive quarters resulting in a 60% improvement in our customer experience. This will continue to be our key area of focus in 2023/2024.

We are confident we have created the right environment for further improvements to our D-MeX performance and will continue to build on the foundations we have laid, by investing in our people, processes and systems to evolve and ensure that we provide a great customer experience.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	n/a	62.25	✗	£2.700m Penalty
2021/2022	n/a	55.08	✗	£3.398m Penalty
2022/2023	n/a	80.08	✗	£2.708m Penalty*

There is no particular target for this performance commitment but we consider that we have met this performance commitment if we are in the top half of companies and therefore in reward.

* The reward/penalty on this commitment is estimated as a final evaluation is completed by Ofwat which will confirm the final figure. We will update this in our re-publication of the APR in early 2024.

Performance above is the developer services level of service scoring out of 100.

Bespoke performance commitments

We've engaged with 30,000 customers to understand individual lifestyles and how they shape what customers want, need and expect from us. We've listened to customers' aspirations for us and developed a plan that puts excellent and efficient service front and centre of our ambitions.

To respond to our customers' feedback, we developed a package of 29 performance commitments that are unique for Yorkshire Water. They align with our ambitions and challenge us to change the way we work to meet both customers' expectations and the complex long-term challenges that we'll face as a business during AMP7.

In this section, we explain the 29 bespoke performance commitments that we've developed and how we've performed against them.

Working with others

Collaboratively working with third parties to improve Yorkshire for our customers

What is it?

This performance commitment measures the projects that are completed collaboratively with independent not-for-profit independent agencies, organisations or individuals. We call these projects 'partnership projects'. All partnership projects selected will go through the same business approval processes as any other projects within Yorkshire Water and have the same level of scrutiny and challenge. Only partnership projects with a clear net-benefit to our business objectives and customer outcomes will be selected.

In AMP7 we have been set a more stretching target for this measure as we must exclude any land-based partnership projects that are counted towards our land conserved and enhanced performance commitment. We must also quantify the additional benefits achieved by working in partnership over and above those that would have been achieved by working alone. We will quantify these additional benefits using our Six Capitals Framework and have this independently reviewed at the end of AMP7.

Why is it important?

These projects contribute direct financial or in-kind support, to capital or operational programmes, investigations, and feasibility studies. Working in partnership with others means that we can deliver more for our customers and the environment. The reward from achieving this performance commitment is ring-fenced to be re-invested in more partnership projects.

Our performance

We continue to meet our cumulative target for this measure. We have delivered three projects this year, contributing a total of £127,255 of financial support. Two of those projects supported habitat enhancement. One of these projects was Bee Together, an exciting collaboration with the Yorkshire Dales Millennium Trust to address the decline in pollinators by creating 'B-lines' to link existing pollinator wildlife areas together. The second project was Driffield Trout Stream, a partnership project with the Yorkshire Wildlife Trust to re-meander a section of stream to create new chalk stream habitat. The third project completed this year, Floodlights project, was a partnership with Absolutely Cultured to raise awareness of flood risk and resilience in the city of Hull through arts and culture.

We are on track to achieve the cumulative target of 45 by March 2025.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	3	7	✓	n/a
2021/2022	9	16	✓	n/a
2022/2023	18	19	✓	Calculated in 2025

Our performance against this measure is calculated cumulatively over the AMP (from 2020-2025). This means our overall reward or penalty will be evaluated and reported in 2025.

Working with others

Performance Commitment Eligibility Criteria

1. Identify a partnership project

Partnerships are defined as:

Projects where the company engages in activity with independent not-for-profit third-party organisations, agencies or individuals for the delivery of a shared objective.

Project is defined as:

Activities where the company contributes direct financial or in-kind support, to capital or operational programmes, investigations, and feasibility studies.

Included projects:

- Partnerships and projects may be established to test or trial a concept or technique. If, in the event the test or trial is unsuccessful, the project can still be claimed provided the company can demonstrate that substantive benefits have been delivered.
- Individual partnership projects that are part of a broader partnership as long as they are self-contained projects with their own distinct goals and benefits. i.e. projects within a programme.

Projects excluded:

- the company's own research and development activity;
- business as usual delivery of capital projects by contractors; and
- repair and maintenance or other framework contracts;
- projects that deliver benefits taken into account for the PR19YKY_2 Land Conserved and Enhanced performance commitment.

2. Partnership projects must have benefits

Benefits can include, but are not limited to the following:

- enable delivery of much larger/wider schemes than if the company acts in isolation;
- save money, including avoided operational costs;
- provide additional benefits such as recreational improvements or biodiversity gains;
- enable access to specialist technical expertise, such as local charities/volunteers;
- remove surface water from the company's wastewater network; and
- with the company's involvement would leverage additional funding (for example by demonstrating match funding for bids).

Additional benefits:

- protecting or enhancing raw water quality;
- managing the risk of sewer escapes, for example by removing surface water from our network;
- promoting water efficiency and/or the responsible use of sewers;
- protecting our assets or customers from flooding, or coastal erosion;
- projects which increase the diversity of visitors to the countryside particularly at Yorkshire Water locations;
- projects which focus on visits to the countryside and other nature-based activities which support the health and welfare of individuals;
- projects that protect or enhance the natural environment;
- projects that build community resilience.

3. Partnership projects go through business approval process

Business approval process is defined as:

- must be the same business approval processes as any other projects within the company and have the same level of scrutiny and challenge.
- only partnership projects with a clear net-benefit to meet the company's business objectives and customer outcomes will be selected.
- a partnership project must include the following information:
  - partners involved;
  - total costs of the scheme;
  - contribution required from the company (financial or otherwise);
  - timescales for completion;
  - criteria for determining a successful outcome;
  - proposed project steering group (including third party members) including relevant skills and qualifications; and
  - project governance.

Business approval process will check the partnership project meets the eligibility criteria

(Full list of eligibility criteria will be documented in advance of the 2020/2021 reporting year and will be published in the company's Annual Performance Report (APR). The Yorkshire Forum for Water Customers will provide assurance that is appropriate.)

Eligibility criteria includes all the information in Steps 1-3 including:

- projects should have local or community benefits, we cannot fund projects outside our operational boundary (which largely matches the Yorkshire & Humber Government Office Boundary).
- we will carefully consider projects which resolve a long-standing issue, or which are the right thing to do, but which fall outside our regulatory business and what we normally fund.
- we will consider projects which build capacity within partner organisations (i.e. skill development, sharing good practice, secondments and mentoring).

Accepted

Rejected

4. Deliver partnership project

5. Is project successful?

Partnership projects completed on or before the 31 March will be reported in that year.

Each partnership project will only be considered to contribute to the performance commitment if it meets the published criteria.

The Yorkshire Forum for Water Customers will provide assurance on this.

Some partnership projects will deliver benefits upon completion. Others may take longer to achieve measurable benefits. In these cases, projects will be considered completed when the project steering group agrees that the substantive benefits of the partnership project have been delivered.

Counted

Not counted

6. Report information

The company will report cumulative progress on an annual basis through its Annual Performance Report, setting out if it is on track to achieve the cumulative 2024/2025 performance commitment level. Any outperformance payments will be calculated and applied based on the cumulative total in 2024/2025.

The company will commission and publish a report at PR24 by an appropriately qualified third party that estimates the additional benefits to customers delivered from the company working with third parties as opposed to what the company would have achieved on its own. It will also set out any learning that would increase the benefits of partnerships in the future.

The company will maintain documented reports that set out the benefits delivered from each partnership project and how these have been determined.

Land conserved and enhanced

Improving our land management and biodiversity activities

What is it?

This measures the cumulative area of land conserved and enhanced in the company's region through and management and biodiversity focused projects and investments on land owned, and not owned, by the company in the 2020-25 period. It includes the following statutory programmes:

- Site of Special Scientific Interest (SSSI) programme;
- Local Wildlife Sites or similar, programme;
- Other schemes benefitting biodiversity (for example, delivering best practice land management schemes); and
- 'Beyond Nature' land management.

These projects must be signed off by the relevant agencies such as the Environment Agency, Natural England or another recognised environmental non-government organisation. We report this by the number of hectares of land affected and improved by our projects.

Why is it important?

It's important that we do whatever we can to preserve and improve our natural environment. Working with other agencies to improve the way land is managed is vital to ensuring that we improve biodiversity and make the region better for our customers and future generations to enjoy.

Our performance

Our performance against this measure is calculated cumulatively over the AMP (from 2020-2025). This means our overall reward or penalty will be evaluated and reported in 2025.

The aim of Beyond Nature® is to have 10,000 hectares of land signed up to a management plan by the end of March 2025. Some of this land will also be designated as Sites of Special Scientific Interest (SSSI), and therefore already included in the SSSI part of this Performance Commitment. The overlap is estimated to be 6,265 hectares but this will not be counted under the Beyond Nature® reporting, to prevent double counting. The target for Beyond Nature®, excluding the SSSI areas, is 3,735 hectares. In year one, we claimed 3,084 hectares of Beyond Nature®; in year 2 this increased to a total of 3,881 hectares, and in year 3 it now totals 5,219 hectares.

Natural England is responsible for assessing the condition of each SSSI unit in accordance with national guidelines and recent assessments have been more thorough in their analysis and review. Within the Yorkshire Water region, 56 SSSI units have been assessed and some of these units have been downgraded. The lessons learnt from these assessments are helping Yorkshire Water to work closely with Natural England to address the issues identified and develop a restoration programme to bring these sites back into target condition. At the end of Year 3 of this five-year AMP, a total of 4,548 hectares have been claimed on SSSI areas.

New opportunities are arising for Yorkshire Water as the Beyond Nature® initiative and sustainable approach to land management is gaining momentum and interest from farmers, environmental groups, representing organisations and public bodies. A growing network to support the farming community and environmental interests is seeing the sharing of expertise and contacts to promote farm, environment and financial sustainability.

We have started work on 24 biodiversity schemes that will help us deliver the 40 hectares target for this work stream. Examples include:

- Supporting the Calder Rivers Trust in the re-naturalisation of black brook, on the Middle Calder.
- Alongside Northumbrian Water, playing our part delivering the National Lottery Heritage Funded Tees–Swale Naturally Connected Partnership to deliver large scale habitat restoration across over 800 km2 in the Yorkshire Dales National Park and Teesdale.
- Helping the RSPB to install new water management equipment to benefit birds at Old Moor nature reserve in the Dearne valley.

The biodiversity schemes fall under our Water industry national environment programme (WINEP) programme and will be due for sign off in March 2025 when we will be formally claiming against the target.

Work has also started on our Local Wildlife Site programme against the 125 hectare target. We have worked with internal and external stakeholders to identify a shortlist of 19 project sites, and worked closely with the Environment Agency and Local Authority biodiversity specialists to make sure our plans are proportionate. Habitat enhancement works have now been undertaken at a number of sites. This is another WINEP project that will only be signed off in March 2025 by the Environment Agency.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	3,048	3,084	✓	n/a
2021/2022	6,096	6,656	✓	n/a
2022/2023	9,143	9,768	✓	Calculated in 2025

Our performance against this measure is calculated cumulatively over the AMP (from 2020-2025). This means our overall reward or penalty will be evaluated and reported in 2025.

Integrated catchment management

Developing integrated catchment plans that improve our environment

What is it?

The performance commitment measures the percentage of catchments we operate where, working with stakeholders, the company implements the 'Natural Capital Operator' model in the 2020-2025 period.

Implementing this model means that the systems operator provides a central oversight and management system to ensure optimal and sustainable use and management of natural capital, and to coordinate investment and management actions.

Catchments are selected based on where we can demonstrate;

- we have an operational presence within the catchment (for example water abstraction and wastewater processing),
- there will be a clear benefit for our customers; and
- there is adequate opportunity to gather the required information to drive change.

Plans must be developed, consulted upon, and agreed with stakeholders including Natural England, the Environment Agency, the relevant Catchment Based Approach (CaBA) partnership, Local Nature Partnership, the Yorkshire Water Biodiversity Advisory Panel; and external regional stakeholders, such as Wildlife and Rivers Trusts.

Why is it important?

Implementing this model delivers multiple benefits to our customers including improvement to water quality, enhanced biodiversity, reduced flood risk, resilience to climate change and greater community engagement with their local river in a cost-effective manner.

Our performance

Throughout this AMP, we have continued to review and prioritise our delivery plan in line with our service commitments, to ensure we deliver the best service we can against the key priorities of our customers within the constraints we face. As a result of this, and aligned with the priorities of our customers, we made the difficult decision to put on hold the activity that supported this performance commitment and instead focus our efforts on other areas where we can have a greater impact in improving the quality of our rivers. We will make sure that where there are opportunities to deliver the benefits that this performance commitment sought to achieve, such as improving water quality, enhancing biodiversity, reducing flood risk and improving resilience to climate change, we will pursue this and several of our other performance commitments and delivery of the Water Industry National Environment Programme (WINEP) also help to deliver these benefits.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	0%	0%	✓	n/a
2021/2022	0%	0%	✓	n/a
2022/2023	2.6%	0%	✗	n/a

Length of river improved

Improving the health and aesthetics of our rivers

What is it?

This performance commitment measures the cumulative length of river improved, in kilometres, as a consequence of completed improvement schemes. These schemes have regulatory and legislative drivers and improvements are made under clean and wastewater obligations.

This measure includes schemes that are completed as part of our Water Industry National Environment Programme (WINEP) and non-WINEP schemes. All schemes must be signed off by the Environment Agency (EA).

Why is it important?

These schemes improve the quality of rivers for river users enhancing opportunities for recreational and other activities. It also measures river health to ensure that water can be abstracted from rivers and lakes for our clean water treatment works, without any negative impact on the environment.

Our performance

Our performance against this measure is calculated cumulatively over the AMP (from 2020-2025). This means our overall reward or penalty will be evaluated and reported in 2025.

We have delivered 53.7km of river length improved, 45.6km because of wastewater related schemes and 8.1km because of clean water schemes. There are a total of 94 projects, 14 clean and 80 waste, which deliver this measure across the 2020-2025 period. Our Delivery Assurance Group meets monthly to monitor the projects and drive delivery.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	0.0km	0.0km	✓	n/a
2021/2022	45.6km	50.1km	✓	n/a
2022/2023	47.3km	53.7km	✓	Calculated in 2025

Our performance against this measure is calculated cumulatively over the AMP (from 2020-2025). This means our overall reward or penalty will be evaluated and reported in 2025.

Biosecurity implementation

Protecting our natural environment

What is it?

Biosecurity represents reasonable and practicable measures to prevent the spread of harmful organisms, such as plants, animals, fungi or pathogens. There is an emphasis on those organisms listed as invasive species. This performance commitment measures the number of Pathway Management Plans that we implement.

The Pathway Management Plans must have specific success measures which are independently reviewed and agreed with the Environment Agency. The plan is only considered completed when it has been signed off by the relevant regulators and a third-party assurer. We will also review the engagement and learning across the business in order to shape future policies.

Why is it important?

We want to protect and improve the natural environment for our customers and future generations by reducing the spread of invasive species. We want everyone to continue to enjoy Yorkshire.

Our performance

There are twelve main ways by which we can inadvertently spread invasive species such as Japanese knotweed, for example through moving soil between construction projects containing seeds of invasive plants, or through anglers on our reservoirs transferring invasive plants in their nets. Our target for this measure is a cumulative target across the five-year asset management period to put in place pathway management plans against these twelve main areas and we will report our progress annually, with the aim to have delivered three pathway management plans each year. Two pathways have been completed this year, compared to a target of three - Public Recreation and Forestry. This is in addition to the Terrestrial and Aquatic pathway management plans completed in 2021/2022.

Throughout this AMP, we have continued to review and prioritise our delivery plan in line with our service commitments, to ensure we deliver the best service we can against the key priorities of our customers within the constraints we face. As a result of this, and aligned with the priorities of our customers, we made the difficult decision to reduce the activity that supported this performance commitment and instead focus our efforts on other areas where we can have a greater impact. We will make sure that where there are opportunities to deliver the benefits that this performance commitment sought to achieve, we will pursue this.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	0	0	✓	n/a
2021/2022	3	2	✗	n/a
2022/2023	6	4	✗	n/a

This performance commitment is reputational only so, there is no financial penalty or reward attached to its outcome. The cumulative performance will be reported in 2025 and will represent the five-year total.

Education

Encouraging change and understanding the value of water

What is it?

For this commitment we report the number of face-to-face learning hours that Yorkshire Water provides to promote an understanding of the value of water. This can include regional and community targeted campaigns as well as practical learning delivered at our specialist centres.

We get feedback on our education sessions to make sure that if we need to, we can make improvements to the learning sessions we provide.

Why is it important?

By teaching our communities the value of water we can drive changes in behaviour and raise awareness of how small changes make big differences. We educate communities about water usage as well as the water and wastewater treatment processes.

Our performance

Whilst education delivery has recovered from the direct impacts of the COVID-19 pandemic, the resulting educational impact on students, alongside the financial pressures hitting schools and coach companies, plus cancellations due to the teacher strikes, has seen an impact on the number of visits taking place within our education centres.

This has been countered with our education team increasing the number of visits into individual schools to ensure we were minimising the impact on student learning. During the year, a total of 34,446 learning hours were delivered through all aspects of our programme, of which were able to obtain individual feedback for 28,164 hours.

We have continued to improve the quality and quantity of virtual delivery and have a programme of virtual assemblies which is actively promoted on social media. As part of this, supported by local council safeguarding networks in Wakefield & Kirklees, we have reached over 12,000 young people and adults on the importance of water safety.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	20,000	5,590	✗	£29k Penalty
2021/2022	20,000	22,576	✓	n/a
2022/2023	20,000	28,164	✓	n/a

This performance commitment is underperformance only, meaning we only receive a penalty for poor performance and no reward for outperformance.

Creating value from waste

Reducing materials which are sent to landfill

What is it?

This performance commitment challenges us to reduce waste and recycle as much as we can and reduce our costs in doing so. We measure the extra environmental, social and financial benefits using the Six Capitals approach.
You can read more about our Six Capitals approach here:
yorkshirewater.com/about-us/capitals/

The waste materials include:

- Grit, screenings, fats, oils and greases that enter and collect in the sewer network or wastewater treatment works.
- Water and wastewater sludges produced through treatment processes. There are also sludge storage lagoons, a legacy of historic operational practices.
- Heat lost to the natural environment – from sewage and from water and wastewater treatment plants, including energy generation assets.
- Construction, repair and maintenance waste, for example, excavation materials and redundant kit from sites.
- Land, including areas of unused operational sites, for operational purposes (hectares). It also includes company catchment land where further value can be taken by increasing recreation and environmental improvements.

Why is it important?

It's important that we reduce our impact on the environment in any way that we can and save money on unnecessary activities.

Our performance

This year we collaborated with Keyland Developments to develop an area of underused land adjacent to Calder Vale sewage treatment works. Planning permission was submitted for a commercial development prior to the sale of the land to City Fields Wakefield Investment LLP. The value created through this development is £228m.

During the internal assurance processes in place for APR23, an error was found in the transfer of data from the Keyland development model to the Yorkshire Water assessment. The error identified during this assurance process has been addressed prior to publication in APR23 and we are confident in the accuracy of the information being reported.

A review of similar data in previous annual reporting at APR22, has highlighted the same error. As a result, we are restating the performance reported from last year. At APR22, we reported £40m of cumulative value through sales of our underused land and projects that changed how we treated some of our wastewater sludges. As a result of the review of our information, we have revised our reporting upwards by £13m for a project with Keyland at Broomfield Farm, meaning our overall reported value for 2021/2022 is now £53m.

The auditors have confirmed in their report that they have reviewed our methodology and approach and that they consider the action being taken with regards to this reporting to be appropriate.

Our cumulative performance to the end of Year 3 of AMP7 is £281m.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	£0m	£3m	✓	n/a
2021/2022	£5m	£53m	✓	n/a
2022/2023	£10m	£281m	✓	n/a

This performance commitment is reputational only and so, there is no financial penalty or reward attached to its outcome.

Water recycling

Increasing the volume of water we recycle

What is it?

This performance commitment measure the volume of water recycled in our clean and wastewater sites in megalitres per day (Ml/d).

It includes:

- The re-use of process water in our clean and wastewater treatment sites; and
- The use of final effluent from our wastewater treatment sites for commercial applications.

Why is it important?

If we are able to increase the volume of water which we recycle, we can decrease the volume of water we abstract from rivers, streams, canals or underground for use at our clean water treatment works.

Our performance

Following the Final Determination, we reviewed our delivery plan in line with our service commitments and allowed costs. As a result of this, and aligned with the priorities of our customers, we made the difficult decision to put on hold three specific water recycling schemes that were identified to deliver our Water Recycling performance commitment.

This performance commitment was developed to engender a culture of water conservation and to reduce water wastage. We remain committed to these principles, but in line with our customers priorities, over the next year, we're focusing our resources on achieving this through leakage reduction. We will make sure that where there are opportunities to reduce water wastage through our interventions on other service commitments, we'll pursue these.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	0	0.00	✓	n/a
2021/2022	2.77	0.00	✗	£41k Penalty
2022/2023	5.79	0.00	✗	£85k Penalty

Affordability of bills

Providing services at an affordable cost

What is it?

We report the percentage of customers who respond positively to the question "How much do you agree or disagree that the water and sewerage charges that you pay are affordable to you?"

The question is asked by the Consumer Council for Water (CCWater) in an annual survey known as 'Water Matters'.

Why is it important?

It's important to us that we do not have unreasonable charges for our services and we keep our bills affordable. It's also important we give our customers an opportunity to tell us if they think they are not. It also gives us a chance to assess the support we have in place for our customers who are struggling.

Our performance

The 2022/2023 research undertaken by CCWater and published in their Water Matters report states that 77% of customers are positively satisfied that their water and sewerage charges are affordable to them. This is below the target for the year of 83%.

Our Affordability Hub reviews the survey data alongside wider economic insight and research to identify impacts on customers and any necessary actions to address affordability issues. The current cost of living crisis is impacting a different customer segment than previously identified, people who might not have previously experienced financial hardship and therefore might not be aware of or be eligible for financial support.

We will continue to work with CCWater to review bill affordability.

Interestingly, our customer social tariff research for the next business plan, covering 2025 to 2030, has shown that despite the financial challenges faced by our customers, they are willing to contribute more to support those who are struggling to afford their bills. This year we pledged an additional £15m to help with the provision of financial support to more of our customers through these challenging times. For more information on this, please see our performance commitment on direct support given to customers and information within our Annual Reports and Financial Statements.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	81%	82%	✓	n/a
2021/2022	82%	79%	✗	n/a
2022/2023	83%	77%	✗	n/a

This performance commitment is reputational only and so, there is no financial penalty or reward attached to its outcome.

Direct support given to customers

Providing access to our financial support schemes

What is it?

This measures the number of residential customers who receive financial support through one or more of our approved schemes. These schemes include:

- WaterSure
- WaterSupport
- DWP Resolve
- Resolve
- Community Trust
- Fresh Start; and
- Domestic meter option for those customers requiring financial support.

If a customer receives financial support under more than one of the valid schemes during the reporting period, they will be counted as a single customer receiving support.

Why is it important?

We need to make sure that people are aware of, and have access to, our financial support schemes when they need them.

Our performance

The over-performance seen in the year was delivered by design in response to customer need, particularly in light of the current economic climate. With significant growth planned to continue throughout the coming years we want to ensure we were maximising our reach. The number of customers receiving appropriate financial support has risen to 95,138, an 18% increase on the prior year.

To build on our AMP7 £100m financial support package, in 2022 Yorkshire Water announced a further £15m to support customers struggling with their water bill. The investment made is in response to the cost of living impact our customers are experiencing and strives to make water bills more affordable for those most income deprived.

Towards the end of 2022 a cost of living payment was made to all WaterSure and WaterSupport customers reducing their annual charges to £350. The impact of changes in the threshold meant customers with bill values over £350, rather than previously £420, were also able to access the support.

A new initiative was introduced in 2022 for all customers being referred to Yorkshire Water via the Breathing Space legislation. These customers are in the most financially vulnerable circumstances and seeking support from creditors. On referral, Yorkshire Water commits to paying the next 60 days water charges for these customers during their formal 'respite' period, preventing them being in further debt after this time.

Yorkshire Water is working with organisations across the region to ensure customers are aware of all the ways that they may be able to reduce their water bills. This includes financial support schemes, water meters, water saving devices, as well as our Priority Services. This approach aims to ensure promotion is tailored and targeted to customers who are in vulnerable circumstances and is visible to them where they are. Our community engagement function aims at reaching unrepresented customer groups needing financial support.

A number of external organisations across the region, including councils and housing associations, are able sign customers up for Yorkshire Water financial support schemes on our behalf. Making accessing help as easy as possible for customers who may otherwise find it more difficult. These partnerships are forecast to grow and develop further throughout AMP7 and beyond.

We recognise opportunities for improvement, the application process has seen the introduction of an online web form giving customers increased functionality.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	58,000	61,406	✓	n/a
2021/2022	69,000	80,778	✓	n/a
2022/2023	75,000	95,138	✓	n/a

This performance commitment is reputational only and so, there is no financial penalty or reward attached.

Cost of bad debt

Reducing the cost of bad debt to our customers

What is it?

Bad debt is when we are unable to recover residential customer bills. When we are unable to recover bad debt this becomes a cost to our other customers. In an effort to keep this low, this performance commitment measures the percentage of each customer bill which results from bad debt.

Why is it important?

It's important that we ensure that our bill-paying customers contribute as little as possible to unrecovered bills. We are committed to keeping bills as low as possible and ensuring that customers pay for the services available to them.

Our performance

For this performance commitment a lower number is better. It represents the reduction in the percentage of bills that relate to bad debt. The Ofwat price review process incorporates an allowance in prices for the cost of debt considered to be irrecoverable by the company. To help minimise this cost for our customers, we operate a range of schemes designed to help those who struggle to pay their bill, while having strong processes in place for overall debt collection.

We have met this performance target in 2022/2023.

We have seen an increase in the cost of debt per customer due to an increase in arrears and debt outstanding. This increase was noticeable on measured customers who pay by quarterly bills. As post COVID-19 consumption has normalised, these customers have been left with larger bills through increased consumption which they have struggled to pay leading to the deterioration of their debt.

The cost of living crisis will also have impacted on people's ability to pay their bills.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	3.23%	3.00%	✓	n/a
2021/2022	3.37%	3.28%	✓	n/a
2022/2023	3.48%	3.38%	✓	n/a

This performance commitment is reputational only and so there is no financial penalty or reward attached to its outcome.

Priority services awareness

Understanding the benefits of our Priority Services Register

What is it?

This measures the percentage of household customers who state, when questioned, that they're aware of the additional services offered by Yorkshire Water via the Priority Services Register (PSR). The Customer Council for Water (CCWater) conduct a survey independently. This is called the 'Water Matters Survey'. You can read their latest report here:

ccwater.org.uk/research/water-matters-2020/

The PSR is a free service provided to customers in vulnerable circumstances. This can be a situation which is temporary or permanent and impedes a customers' ability to access or benefit from our services. Services within the PSR include;

- Braille bills and information;
- card warnings;
- CD bills;
- priority supply connection;
- help for customers who use home dialysis;
- large print bills or information;
- delivery of bottled water during an interruption to supply;
- nominated person to handle the account;
- password on accounts;
- text telephone contact;
- face-to-face visits.

Why is it important?

We want our customers to know that extra help is available when they need it. Our customers are at the heart of everything we do and it's important our customers know how to access support from us.

Our performance

Despite not reaching this year's target of 58% we have seen an increase of 4% from last year to 51%. We have continued our consistent external communications about our priority services register. As well as a multi-channel marketing campaign to coincide with winter and annual billing, we've had targeted social media adverts throughout the year to raise awareness. We've also been using our community engagement programme to talk to customers face to face about the PSR and its benefits.

This performance measure was one that we have included in our action plan to improve performance, which was published in April 2023

yorkshirewater.com/media/z30ezqyw/yw-action-plan-2023-refreshed-version.pdf

Within this action plan, we identified three open actions that we wanted to deliver before the end of June 2023. These actions were:

1. By the end of March 2023, refresher training for all front line telephony colleagues on PSR triggers and sign up. This has been completed.
2. By June 2023, train all front line field teams and partners to spot vulnerability and offer a doorstep PSR sign ups service. Metering partners were provided with an awareness session to promote and sign-up PSR when with customers. Recruitment of an Operational Vulnerability Lead will review upskilling/training requirements across Operational colleagues and training will be delivered on an ongoing basis.
3. By March 2023, data share with regional energy Distribution Network Operators on track for deployment. This has been delivered.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	50%	43%	✗	n/a
2021/2022	54%	47%	✗	n/a
2022/2023	58%	51%	✗	n/a

This performance commitment is reputational only and so, there is no financial penalty or reward attached.

Priority services satisfaction

Understanding and improving what our vulnerable customers need

What is it?

This measures the percentage of our customers on the Priority Services Register (PSR) who are satisfied with their experience.

A survey is conducted which asks these customers 'Based on your priority services needs how satisfied are you with Yorkshire Water's service? Please use a scale of 1 to 5 where 5 is equal to very satisfied, 4 to quite satisfied, 3 to neither satisfied nor dissatisfied, 2 to quite dissatisfied and 1 to very dissatisfied.'

The survey is conducted by an external company each month and we ask a minimum of 600 customers annually. We make sure that we ask a representative sample of customers who use a variety of the services offered.

Why is it important?

We need to make sure that the services we offer to customers made vulnerable by their circumstances are adequate and look to make improvements where they are needed.

Our performance

Our performance for the year 2022/2023 was 85% overall satisfaction with the PSR. This is an increase on 80% in the previous year, but still below the target of 88%. The increase in score has been driven by an increase in those providing a 'very satisfied' score. One of the main factors for achieving this was more customers being aware of their PSR as throughout 2022/2023, we have sent out two messages to remind our customers about their PSR status and the benefits and support they will receive.

Satisfaction tends to be driven by relatively passive observations, with the reason cited most frequently being 'I've had no issues with it' following by 'everything was fine' and 'I'm happy with it'. There is also a lot of positive feedback regarding the ease of sign up. Dissatisfaction volumes are extremely low but tend to focus on general issues rather than anything specific to the PSR service, with 'general problems' and 'bills too expensive' being the most cited reasons for dissatisfaction.

Recognising that there's more work to do to support customers on our priority services register, our vulnerability steering group has been set up to enable teams from across the business to identify risks and opportunities to the service, and collectively work on new initiatives and improvements.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	82%	91%	✓	n/a
2021/2022	84%	80%	✗	n/a
2022/2023	88%	85%	✗	n/a

This performance commitment is reputational only and so, there is no financial penalty or reward attached to its outcome.

Inclusive customer service

Improving the quality of service to our vulnerable customers

What is it?

Our priority services are reviewed and assessed by an independent panel of third-party organisations and charities. They score three aspects of our priority services:

- the accessibility of our priority services
- the types of services provided; and
- the effectiveness of the services provided.

Each individual organisation gives a score based on a scale of one to five (one=low competence, little evidence of performance; five=highly competent, strong evidence of performance).

This performance commitment reports on the overall score. The overall score is the total of all the scores divided by the number of scores. We report a percentage improvement from our 2019/2020 score (baseline). Our baseline is 3.21.

We also track the average scores of each individual element so we can focus our improvements on the right areas.

This measure is conducted and overseen by an external provider who ensures the quality and accuracy of the responses received are transparent.

Why is it important?

It's important that the services we provide our vulnerable customers are accessible, wide-reaching and effective. This commitment makes sure we continue to improve and meet our customers needs.

Our performance

We have met the required target for this measure and have made an improvement to the quality scoring of our services of 19% from our baseline year. The majority of organisations consulted are satisfied that Yorkshire Water has the necessary services in place to ensure that the people we work with and represent are able to access and use all of our services.

A breakdown of our performance across each of the criteria is shown below.

Criteria and score	Baseline	2020/2021	2021/2022	2022/2023
the accessibility of service provision;	3.0	4.0	4.0	4.0
the types of services provided; and	3.7	4.2	4.3	4.1
the effectiveness of services provided	2.9	3.8	3.3	3.5
Overall	3.2	4.0	3.8	3.8

Accessibility appears to have improved in a number of areas, particularly for deaf customers with the addition of British Sign Language (BSL) and additional translation services. We recognise there is a slight decrease in our performance compared with previous years. Some organisations felt we could improve the accessibility of the bill and service channels, better signpost financial support and improve complaint handling for vulnerable customers. Our vulnerability hub will address the drivers mentioned in the feedback from the charities.

Key areas of focus for us currently include:

- **More innovative approach to contact channels, with addition of online chat, and ensuring that call centres are appropriately staffed.** Our customer experience change portfolio continually develops service journeys to improve the contact experience for customers. We are developing our channels to further enhance this experience using an approach of identifying the best channel to meet the customer need. Call centre service levels are under constant monitoring and demand planning is in place to ensure we can consistently meet the volume of customers needing to get in touch.

- **Further promotion and signposting of the Priority Services Register (PSR), along with more proactive identification processes.** Increased promotion of PSR is embedded in the plan for 2023/2024. This included information throughout annual billing within bills and across digital channels. Ongoing promotion through social media is also planned throughout the year.
- **Further investment in community engagement and in third-party partnerships.** Community engagement activity is expanding in 2023/2024 with organisations across the region, building on the existing success. This will include a wide variety of organisations including charities, housing associations and councils.
- **Extend the training programme to be delivered by charities working in partnership with Yorkshire Water, have the training take place yearly, and extend this training to engineers and ground staff.** Contact centre colleagues receive vulnerability awareness and support training as part of the regular cycle of colleague development. We have recently created a new role to lead on vulnerability within operational services, of which training for colleagues will be a core focus.
- **Improved delivery of services to meet service level agreements (SLAs), reduce complaints and increase satisfaction through a comprehensive strategy needs to be developed so that extra service levels can be coped with.** Our vulnerability plan is in development and aims to address our ability to meet the needs of all customers in vulnerability.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	4%	24%	✓	n/a
2021/2022	8%	20%	✓	n/a
2022/2023	12%	19%	✓	n/a

This performance commitment is reputational only and so there is no financial penalty or reward attached.

Gap sites

Reducing the number of connected properties which are unknown to us

What is it?

A 'gap site' is an occupied property not known to us which is connected for water services and therefore not being billed. We aim to reduce our household the amount of time it takes to bill these properties from the time they are identified. This commitment reports the percentage of gap sites we identify which are added to the billing system within 12 months of identifying them.

Why is it important?

If a property is receiving a service and not being billed, it means our other customers are not receiving fair charges. It's important that we identify gap sites and bring them into billing as soon as we can so we can reduce bills for our customers who are already paying.

Our performance

Our performance against this measure continues to improve, achieving 95% against an 86% target in 2022/2023 and our improved processes mean that we are now seeing 56% of sites brought into billing within 2 months of notification.

In the year we had 55 gap sites which became void and 421 gap sites which were billed.

This improvement in performance was a result of implementing robust and improved processes to identify and prioritise gap sites, in conjunction with the dedicated team who complete both desktop and site visits to potential gap sites. Team training and procedures support the delivery.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	80%	19%	✗	£1.122m Penalty
2021/2022	83%	83%	✓	n/a
2022/2023	86%	95%	✓	n/a

This performance commitment is underperformance only. As we have achieved the target for this measure, there is no penalty but also no reward.

Managing void properties

Reducing the number of properties connected and occupied but not billed

What is it?

'Void properties' are household properties within our supply area which are connected for water or wastewater services but are unoccupied so do not receive a charge. This commitment aims to reduce the void properties by identifying where there are occupied properties or services used which can be billed. We report the percentage of our residential properties which are void properties and aim to be a low as possible.

Why is it important?

We aim to reduce these to ensure that the charges that our bill paying customers receive are fair and we can reduce these where possible.

Our performance

The performance commitment target has been exceeded in the year with 3.60% of properties classed as void against the 4.15% target. This improved performance is a result of the continued effort and focus on maintaining a robust billing policy on change of tenancy and proactive management of empty properties using third party data to identify occupiers avoiding charges.

In 2022/2023, the main focus has been:

- The design of an assessed zero occupancy tariff to reflect the empty measured property charging position
- Review of property file quality including processes for identifying demolished properties, derelict properties and commercial properties.

Performance is on track to exceed year 5 target.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	4.50%	4.73%	✗	£832k Penalty
2021/2022	4.33%	3.78%	✓	£1.989m Reward
2022/2023	4.15%	3.60%	✓	£1.989m Reward

Drinking water contacts

Improving the quality of our drinking water

What is it?

We report the number of times we are contacted by our customers due to the look, taste or odour of drinking water per 10,000 of the population we serve. The classification guidance for this performance commitment is defined by the Drinking Water Inspectorate here: **ofwat.gov.uk/publication/dwi-compliance-risk-index-cri-definition/**

We aim to keep these contacts as low as possible.

Why is it important?

The quality of the water which we provide is of the utmost importance to us. It's important our customers can rely on a high standard of drinking water from us.

Our performance

We did not achieve this performance commitment in 2022/2023. Our performance this year has seen an improvement with a reduction in contacts from 10.9 in 2021/2022 to 10.2 contacts per 10,000 of the population we serve.

Reduction in drinking water contacts has been due to long-term processes, and performance in 2022 continued to conform with those long-term trends.

The most significant cause of the overall improvement in contact rate since 2015 has been the long-term commitment to local area flushing. The flushing activity removes historic sediment and hence reduces the opportunity for this sediment to be disturbed in normal operation and cause discolouration of supply to customers. There have also been minor improvements in proactive information shared with customers via the website, and improved training and awareness of teams carrying out invasive network interventions.

There were 34 more contacts related to discolouration in 2022 compared to 2021, which is considered to have been impact of the exceptionally high weather-related demand periods. This increase was balanced by a decrease of 238 'Appearance Other' contacts and a decrease of 38 'Taste and Odour' contacts in 2022 compared to 2021.

The increase in the total population from 5,355,579 in 2021 to 5,477,592 in 2022 impacted the reported measure by 0.25 contacts per 10,000 population.

Resources dedicated to local area flushing are being deployed to support trunk main conditioning, i.e. controlled flushing of trunk mains to prepare them to facilitate raised flow levels without mobilising historic sediment particles. Investigations are being carried out in order to identify opportunities to reduce the occurrence of milky/air contacts (which are the major contributor to 'Appearance Other') on the return to service of mains following repair.

The number of drinking water contacts is substantially weather dependent. Historically, high levels of discolouration were associated with peaks of customer demand in summer or mains flow due to bursts in winter. As noted above, the discolouration removal initiatives are breaking this linkage to high flow and producing a more robust network for water quality, but it is unlikely that weather-related impact on mains system will ever be entirely removed. In addition, 'Appearance Other' looks set to replace 'Discolouration' as the predominant contact category. Milky/air contacts continue to follow the overall trend of mains repairs and reinstatement.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	11.4	10.5	✓	£922k Reward
2021/2022	10.6	10.9	✗	£369k Penalty
2022/2023	9.7	10.2	✗	£615k Penalty

Significant water supply events

Improving the reliability of our supply

What is it?

This measures the number of supply interruptions to one or more properties which last for 12 hours or longer. They are counted irrespective of whether it's planned e.g. during works to improve our network, unplanned e.g. during an incident or caused by a third party e.g. damage to our network.

We aim to keep these events as low as possible.

Why is it important?

It's important that our customers have a reliable supply of water and, if there is an interruption to supply, we put in adequate measures to mitigate the effects of this, reducing the impact on customers.

Our performance

Our 2022/2023 performance is of 20 events, compared to a target of 12 and so we did not meet our performance target this year.

Performance this year has improved considerably compared with the previous year, which was impacted by Storm Arwen. We have put in place activities from the learning outcomes from Storm Arwen and other historical events. These include training and knowledge to allow for increased focus on this measure and the impact it has on our customers with colleagues within the control room and a implemented a Single No Water incident process. In addition, we have enhanced available restoration options. An example of this is the procurement of six trailers to carry Arlington Tanks, which can then be deployed during interruption events to temporarily restore properties. Three Arlington Tanks can carry the same amount of water as a small tanker, and can be left in situ to temporarily restore properties whilst mains repairs are being carried out, reducing the impact of interruptions on customers, in particular where isolated properties in remote areas may be interrupted for longer periods of time.

A project to ensure all network information is accurate and up to date is currently ongoing. This will ensure that the field technicians and engineers have the right information to hand when out in the field to improve decision making. So far 500 schematics have been updated and are available for use with the remainder being worked on throughout AMP7.

Visible Valve status updates provide key information of how and when our network and assets have been operated. They are critical for not only incident management, but in the hydraulic review process to create an accurate timeline of events. We are currently working on a change project to provide improvements to this software, including adding 'part open/closed' functionality, expanding capability to capture the use of hydrants, and the option to manually enter the time operated if completing retrospectively. This will enhance our data capture.

Water supply interruption performance is reviewed through a daily operational call and a weekly tactical meeting. At these meetings key stakeholders review performance, critical factors and lead measures and put in place tactical intervention actions to improve performance and address issues. This is primarily focussed on water supply interruptions, but does provide benefit towards this significant water supply events performance commitment too.

Water supply interruptions was identified and included within our action plan to improve performance, which was published in April 2023

yorkshirewater.com/media/z30ezqyw/yw-action-plan-2023-refreshed-version.pdf

A number of actions, that will be delivered between September 2023 and through AMP8, will provide some benefit to aid improvement in performance against this commitment.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	14	19	✗	£1.325m Penalty
2021/2022	13	43	✗	£7.950m Penalty
2022/2023	12	20	✗	£2.120m Penalty

Low pressure

Improving the water supply our customers receive

What is it?

This performance commitment reports the number of properties experiencing poor or no water supply due to low pressure.

The low pressure reference level applies to a single property and is measured on the customers, side of any meter or company fittings.

Why is it important?

It's important to us that our customers have a reliable supply of water and that our services are of the highest standard. Maintaining and improving pressure reduces the risk of supply issues.

Our performance

There are four properties remaining on the Low Pressure Register for the 2022/2023 reporting year. We started the year with four properties on the register. During the year, 252 properties have been added to the register and 252 have been removed.

Last year we expanded the pressure analyst team, from two to four. This has proven to be beneficial in reviewing violations on a case-by-case basis to ensure we deliver the right solution.

Low pressure is report using a robust reporting system, based around Netbase, which process data from critical point loggers. The APR audit sample found an instance where a DMA had been split but the logger data was not linked and backdated in the Netbase software. This means that the existing reporting potentially has a systemic bias which could lead to underreporting of low pressure. The auditors have assessed this reporting risk as 'amber', which indicates a shortfall in methodology, incomplete data or minor errors. A comprehensive review is underway to pull all the information and ensure that loggers are being assessed from the time installed, and not just when enabled within the software package. Further information will be provided to our auditors and Ofwat as we progress this review.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	14	12	✓	n/a
2021/2022	13	4	✓	n/a
2022/2023	12	4	✓	n/a

This performance commitment is underperformance only. As we have achieved the target for this measure, there is no penalty but also no reward.

Repairing or replacing customer owned pipes

Reducing leakage and water quality issues

What is it?

We report the number of residential supply pipe repairs and renewals carried out by Yorkshire Water each year free of charge.

When a supply pipe leak on a residential property is having a detrimental impact on our network, we can intervene using our statutory powers in Section 73-75 of the Water Industry Act 1991. We can then isolate the water supply and/or locate and repair the leak.

As part of this performance commitment we do not report:

- Business properties receiving a bill for water services,
- 'New Build' residential properties,
- Internal leaks where the leak is located inside the property or within the cavity wall,
- Supply pipes under residential properties or structures,
- Where third party accidental, reckless or deliberate damage has occurred.

Why is it important?

Replacing pipes on residential property will improve the quality, pressure, and flow of water for our customers. It will prevent water being lost through leakage and our customers won't need to contact us about these issues.

Our performance

We completed 6,442 repairs to residential supply pipes in 2022/2023, which did not achieve our target of 7,386.

In 2021/2022, we had a number of capital projects, for example large lead pipe replacement or splitting of common supply pipe projects. In 2022/2023, performance has predominately been driven by proactively seeking opportunities to identify customer side leaks – by searching historic repair jobs and speaking with area leakage teams to identify areas with high customer side leakage rates and repairs on lead services or common supplies which could provide evidence to batch properties on a street together for a capital project.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	6,882	3,850	✗	£1.361m Penalty
2021/2022	7,109	7,335	✓	£101k Reward
2022/2023	7,386	6,442	✗	£424k Penalty

External sewer flooding

Reducing the number of external sewer flooding events

What is it?

External sewer flooding is when there is flooding within the curtilage (grounds) of a residential, public community or business property. We report the number of these events which occur with a view to reduce these as much as possible.

Why is it important?

Experiencing or seeing external sewer flooding is an unpleasant experience for our customers and we understand that it's something that can impact their day to day lives. Reducing these incidents lowers the negative impact that this has on our customers and any disruption it may cause.

Our performance

We have exceeded this performance commitment, though we have seen an increase in comparison to 2021/2022.

As our external sewer flooding team also manage our internal sewer flooding measure you can read about our performance on page 70 under the measure internal sewer flooding.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	7,188	5,038	✓	£16.985m Reward
2021/2022	6,809	4,578	✓	£17.625m Reward
2022/2023	6,431	5,375	✓	£8.342m Reward

Bathing water quality

Improving the water quality at our beaches

What is it?

This performance commitment measures the number of designated bathing waters which exceed the EU Bathing Water Directive requirements for 2020-2025. The 19 designated beaches in our region are;

1. Bridlington North Beach;
2. Bridlington South Beach;
3. Cayton Bay;
4. Danes Dyke;
5. Filey;
6. Flamborough South Landing;
7. Fraisthorpe;
8. Hornsea;
9. Reighton;
10. Robin Hoods Bay;
11. Runswick Bay;
12. Sandsend;
13. Scarborough North Bay;
14. Scarborough South Bay;
15. Skipsea;
16. Tunstall;
17. Whitby;
18. Wilsthorpe; and
19. Withernsea.

Designated bathing waters in England are classified into 'Excellent', 'Good', 'Sufficient' and 'Poor' based on a sample carried out by the Environment Agency during bathing water season. Sample results from the previous four years are statistically analysed and a classification of the bathing water quality is usually announced in November each year.

Why is it important?

Improving the quality of our bathing waters enhances the coastal environment, supports the development of the leisure & tourism industries, and improves our customers' enjoyment of these areas.

Our performance

The 2022 bathing water season has seen 16 of the 19 designated coastal bathing waters in Yorkshire exceed the minimum standard under the Bathing Water Regulations, i.e. achieve 'Good' or 'Excellent'.

The three coastal bathing waters not meeting the standard are Bridlington South, Scarborough South and Tunstall. Bridlington South and Scarborough South have both dropped from 'Sufficient' status in 2021 to 'Poor' status following on from the 2022 bathing water season. Our beach at Tunstall remains as unassessed as there is no safe access to the beach due to coastal erosion and therefore it cannot be accessed by the public for use or accessed for regulatory sampling. Whilst we have requested that this beach be discounted from our reporting, Ofwat has advised us to continue to include this as a registered bathing water.

Strong partnership working and sharing of data and information is essential to make the best use of resources. Multiagency pre-season walkovers across the beaches have proven very beneficial. This is something that we will look to ensure are completed at every beach regardless of the water quality status from the previous season.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	18	Not Measured	n/a	n/a
2021/2022	18	16	✗	£2.470m Penalty
2022/2023	18	16	✗	£2.470m Penalty

Performance was not measured in 2020/2021 as the bathing water sampling programme by the Environment Agency could not be completed due to COVID-19.

Surface water management

Lowering the amount of surface water that goes into the public sewers

What is it?

We report the number of hectares (Ha) of surface water run-off removed or attenuated. This performance commitment has three components to its measurement:

- Surface water removed through blue-green infrastructure solutions. This approach mimics the natural water cycle. Doing this regulates flow and treats storm water run-off naturally, resulting in a reduction in peak flows and cleaner water being discharged to water courses. Blue-green infrastructure solutions include what is known as Sustainable Drainage Systems (SuDS).
- Surface water removed through disconnection. This approach uses underground pipes to take surface water straight to receiving water courses.
- Surface water attenuated by blue-green infrastructure. This approach slows the flow of surface water into our network, managed in a more natural way to ensure continuity of our network.

Why is it important?

Reducing the amount of surface water which runs into the public sewer also reduces the risk of sewer flooding and pollution incidents. It also reduces potential long-term costs to enhance the sewerage network which may otherwise be required to relieve pressure on the network.

Our performance

This year, 0.79 hectares of impermeable area has been surface water managed. This is rounded up to the nearest hectare to provide a reportable cumulative figure of 4 hectares against a target of 5.

During the assurance processes in place, it was identified that last year's performance had been reported as an annual figure of two hectares, rather than the cumulative reporting required of this performance commitment. This has led to under-reporting of performance, and to an additional underperformance payment that should not have been paid. We have revised our reporting for 2021/2022 to show a cumulative total of three hectares rather than the two previously reported. We will liaise with Ofwat as part of our in-period ODI claim process to seek adjustment for this error.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	1	1	✓	n/a
2021/2022	4	3	✗	£10k Penalty*
2022/2023	5	4	✗	£5k Penalty

* The £10k penalty reported for 2021/2022 should have only been a £5k penalty. This error will be reviewed with Ofwat as part of the in-period ODI claim process.

Quality agricultural products

Reducing environmental risk and creating agricultural products

What is it?

During wastewater treatment, liquids are separated from solids. Those solids are then treated physically and chemically to produce a semisolid, nutrient-rich product known as biosolids. We report the percentage of biosolids sent to land that meets the Biosolids Assurance Scheme (BAS). We include sludge imported by third parties within this measure.

This performance commitment incentivises us to treat our sewerage sludge to a high standard so it can be recycled and used as a quality agricultural product.

Why is it important?

By recycling our sludge it reduces the environmental risk posed through unsafe disposal of sewerage sludge. It reduces the need for farmer to apply commercial fertiliser and provides a more cost effective approach.

Our performance

We have achieved the performance target; all of our biosolids that were recycled to agriculture are compliant with the high standards of the Biosolids Assurance Scheme (BAS).

We have processes in place to monitor and identify any issues with biosolids compliance. Where there are potential breaches we quarantine or sample and hold material until we are sure the biosolids are suitable for agricultural use. If a material does not comply with our processes and procedures, we would not recycle this material to agriculture. An alternative and more costly recycling route would be found so we would continue to achieve our target of 100%.

The addition of the "20 Measures" required under the water industry's agreement with DEFRA for best practices for avoiding diffuse pollution from agriculture (Farming Rules for Water) is not in the current BAS standard and therefore not yet part of this performance commitment but it has resulted in some changes to our ways of working. We carried out a review to these changes and are satisfied they are working well and meeting the additional needs. To ensure that we retain our BAS certification we have improved our maintenance programme on 'Hazard Analysing Critical Control Point' (HACCP) critical equipment, this is alongside future investment in our sites to ensure contingency storage in the event of asset failure or 'Common Point of Purchase' (CPP) breaches.

As standards for BAS increase, we recognise the need to adapt and invest in our sludge treatment processes to remain compliant.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	100%	100%	✓	n/a
2021/2022	100%	100%	✓	n/a
2022/2023	100%	100%	✓	n/a

This performance commitment is underperformance only, meaning only receive a penalty for poor performance and no reward for outperformance.

Renewable energy generation

Increasing the amount of renewable energy generated

What is it?

We generate energy through the biogas we produce when we treat sludge. Energy generation of biogas is reported in gigawatt-hours (GWh).

The following types of power generation on our operational sites are excluded from the performance commitment:

- solar;
- wind; and
- hydroelectric.

Why is it important?

By producing more renewable energy, we mitigate the effects of climate change and protect our customers from price volatility by making Yorkshire Water more self-sufficient.

Our performance

We have not achieved the target set for this year by 1.4%, achieving 282 GWh versus a target of 286 GWh. The drop in utilisation has been due mainly to poor combined heat and power (CHP) availability . There are no plans for additional CHP/digesters yet, and the future of Naburn as a sludge treatment centre (STC) and CHP generation site is still being assessed. This could result in a drop in CHP generation should it be closed. We have identified installation issues with gas flow meters and a project is underway at each site, we expect this to be completed in the AMP.

We are investigating gas to grid opportunities at three of our sites; these are likely to be commercial opportunities working with third parties. Plans are being worked up over the next 12 months and, if viable, there is the potential to exceed the 8% improvement targeted in the AMP.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	269 GWh	278 GWh	✓	n/a
2021/2022	284 GWh	323 GWh	✓	n/a
2022/2023	286 GWh	282 GWh	✗	n/a

This performance commitment is reputational only and so, there is no financial penalty or reward attached to its outcome.

Delivery of the Water Industry National Environment Programme (WINEP) requirements

Delivering environmental improvements

What is it?

Part of our investment between 2020 and 2025 will improve our impact on the environment. The Environment Agency tells us what we need to achieve through their Water Industry National Environment Programme (WINEP).

The performance commitment will measure against the latest WINEP tracker in the year in which performance is being reported. Therefore, performance for 2021/2022 will be reported based on the latest WINEP programme on 31 March 2022 and the schemes which have been delivered by this date. We report this performance as 'met' or 'not met'.

We'll secure confirmation from the Environment Agency that performance has been correctly reported.

Why is it important?

By completing the schemes set out in the WINEP we improve the natural environment for our customers. It will also help ensure that water can be abstracted from rivers and lakes without any negative effect on the environment.

Our performance

There were 179 outputs required for delivery in Year 3, which in addition to the 362 outputs delivered across Years 1 and 2 of AMP7 gives a cumulative total of 541 outputs. All of the outputs were achieved by the required delivery date and signed off by the Environment Agency.

We have created a joint performance review group with colleagues with responsibility for the performance commitment on the length of river improved to enable a consistent reporting and forecasting approach to track the 117 outputs due in Year 4.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	Met	Met	✓	n/a
2021/2022	Met	Met	✓	n/a
2022/2023	Met	Met	✓	n/a

This performance commitment is reputational only and so, there is no financial penalty or reward attached to its outcome.

Living with water

Reducing the risk of internal flooding in Hull and Haltemprice

What is it?

We have committed to investing £23m into the Hull and Haltemprice partnership schemes to ensure customers receive an improved level of service.

The Hull and Haltemprice Resilience Investment is defined as the blue-green solutions developed and implemented as part of the 'Living With Water' partnership scheme in the region. Further details of the Living With Water Partnership are available here:

livingwithwater.co.uk

The reduction in internal flooding risk for properties in Hull is defined as the number of properties protected from internal flooding during rainfall events (including the impacts of climate change) of 1 in 5 years, 1 in 30 years and 1 in 75 year occurrences.

Delivery of the performance commitment and the reduction in properties at risk of internal flooding will be agreed with the relevant agencies and partners involved in the Living With Water partnership. Primarily, this will be:

- The Environment Agency
- Hull City Council
- East Riding of Yorkshire Council.

Why is it important?

We are providing customers with protection from investment and reducing the number of properties at risk of internal flooding. Wider benefits also include a reduction in embedded carbon e.g. avoiding solely using hard engineered solutions and concrete, removal of surface water and integrated partnership working.

Our performance

This performance commitment is underperformance only, meaning we only receive a penalty for poor performance and no reward for outperformance. This measures the investment over the 2020-2025 period and so the final outcome of this performance commitment will be reported in our APR in July 2025.

We have continued to leverage the strong foundations set in previous years with our Living with Water partners to ensure interventions are providing resilience to as many properties as possible whilst ensuring value and wider benefits are delivered for customers and communities. For example, the Living with Water Rosmead Street scheme has been constructed in collaboration with Hull City Housing who are undertaking a frontages scheme, this has provided efficiencies and will also provide significant regeneration to an area of high deprivation.

For each of the Living with Water schemes, a detailed engagement plan has been established which identifies key stakeholders and the demographic of the local community. The LWW Rosmead Street scheme has included over 326 engagement hours with the local community, councillors and other key parties. This engagement has included integrating community feedback into our designs.

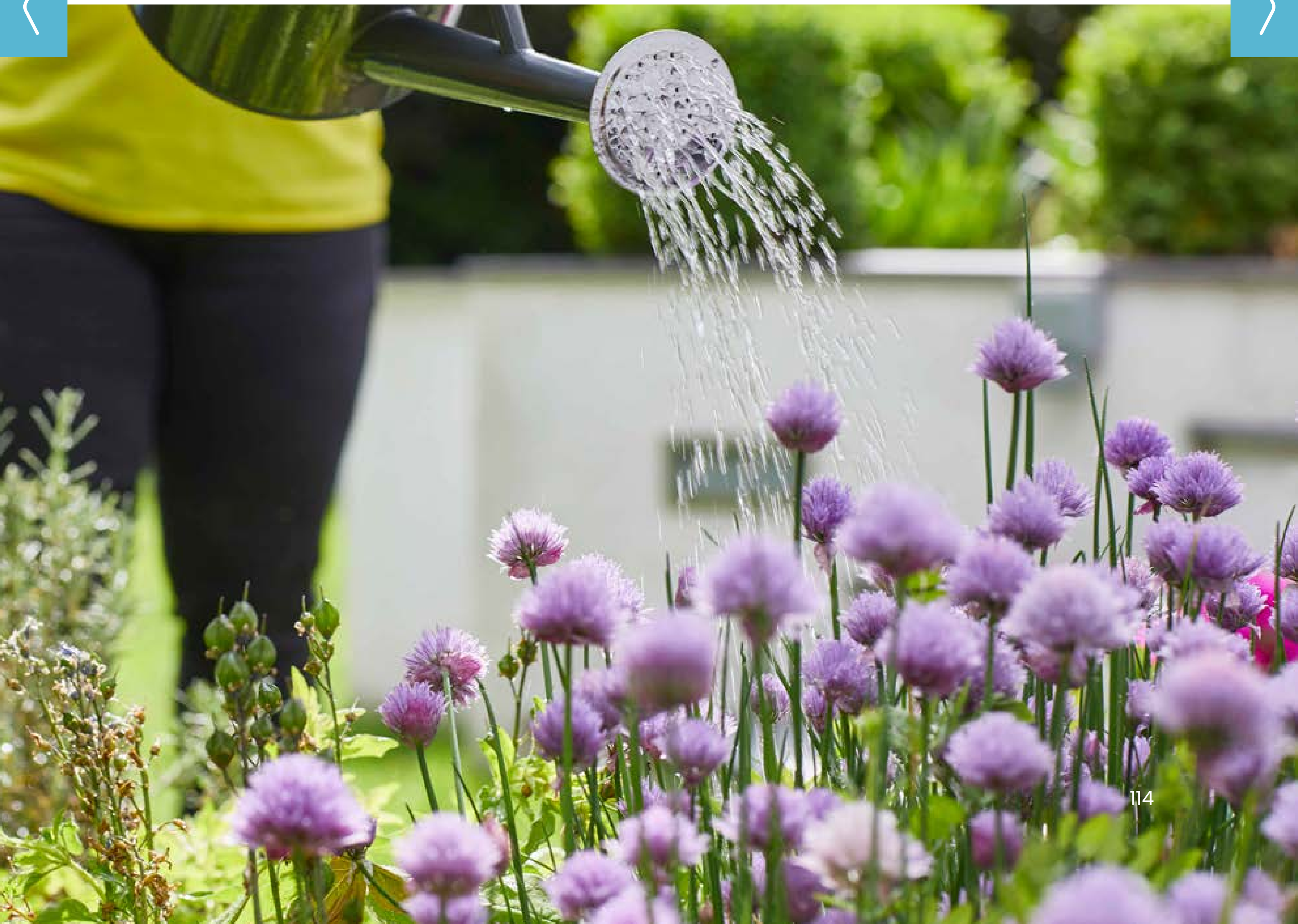
We are using the learning from the AMP7 programme to help define our AMP8 ambition. This year the partnership has delivered the Blue Green Plan which identifies a 25 year+ plan for sustainable surface water management. Living with Water has provided a key case study for partnership working for the Drainage and Waste Water Management Plans.

Our auditors have identified a potential issue with our reporting methodology. As this performance is calculated in 2025, we are taking time to methodically review our current approach and consider the recommendations from the auditor. We will work with our auditor prior to APR24 reporting to ensure we have confidence in our reporting and in our delivery plans before the end of the AMP.

How are we performing?

Year	Target	Performance	On track?	Reward/Penalty
2020/2021	£23m by 2025	n/a	n/a	n/a
2021/2022	£23m by 2025	£1.612m	✓	n/a
2022/2023	£23m by 2025	£4.568m	✓	Calculated in 2025

This performance commitment is underperformance only, meaning only receive a penalty for poor performance and no reward for outperformance. This measures the investment over the 2020-2025 period and so the final outcome of this performance commitment will be reported in our 2025 APR.



Greenhouse Gas Reporting 2022/2023

Climate change is a huge issue we're all facing together, which is why we've made reducing our greenhouse gas emissions a priority for us. In this section we report our greenhouse gas emissions for the past year across three categories: operational, capital, and land. We aim to achieve net zero operational emissions by 2030 and net zero for all greenhouse emissions no later than 2050.

Operational carbon

Reducing our greenhouse gas emissions

What is it?

This performance commitment measures the reduction in greenhouse gas emissions that are created as a result of our operations. This includes any greenhouse gas emissions created by our day-to-day operational activities like the electricity we use, fuel we put into our vehicles and emissions created when we treat our water and sewage.

Emissions are measured by taking raw consumption data and inputting it into the Carbon Accounting Workbook (CAW) which is developed by UK Water Industry Research (UKWIR). The CAW is the industry standard tool for reporting operational emissions.

This is measured as a percentage reduction from a baseline set in 2019/2020.

Why is it important?

We care about the environment, so reducing the greenhouse gas emissions from our operations mitigates our impact to climate change.

Our performance

We have achieved 10.9% reduction in our operational carbon emissions from our baseline of 101,417 tonnes of carbon dioxide equivalent (tCO2e). Outperforming our year 3 target (7.2% reduction) and delivering a performance payment of £873k.

Measurement of greenhouse gases arising from electricity consumption has been conducted using a market-based emissions factor. This means we use an emission factor based on the type of electricity we have purchased. As in previous year's we've purchased Renewable Electricity Generation of Origin (REGO) the gas equivalent (RGGO) certified zero carbon renewable energy so our emissions for electricity and gas are zero – with the exception of a small quantity of consumption used to charge electric vehicles at 3rd party charging stations, where the source of supply was unknown.

In July 2022 the Net Zero Committee chaired by Yorkshire Water's CEO was established and has met bimonthly to oversee the development of net zero carbon strategy and transition plans to net zero across all scopes by 2050. We have this year achieved a gas oil reduction due to optimisation and favourable weather conditions and we have held data governance workshops to improve data quality and confidence within reporting streams.

Ongoing projects include the continued role out of electrical vehicles with 188 on order. Planned switch of gas oil to natural gas at Esholt site which will further reduce our emissions. We will procure Green Gas with RGGO certification moving forwards (to include additional gas use at Esholt (which represents about two-thirds of current gas oil consumption).

Looking ahead we will:

- Set out a detailed programme of carbon reduction
- Incorporate carbon reduction into the 2025 to 2030 programme
- Review the potential for a carbon budget by directorate
- Review the carbon team and look to increase the resourcing to match the needs
- Respond to increased pressure on GHGs from board, shareholders and public
- Use energy price pressure both positive and negative to drive energy and carbon security through increased use of renewables and increased efficiency
- Look to put in place forward contracts for green energy contracts.

How are we performing?

Year	Target	Performance	Target achieved	Reward/Penalty
2020/2021	2.4%	3.6%	✓	£283k Reward
2021/2022	4.8%	6.8%	✓	£472k Reward
2022/2023	7.2%	10.9%	✓	£873k Reward

Operational Greenhouse emissions reporting for 2022/2023

The operational carbon performance commitment incentivises the company to reduce greenhouse gas emissions that contribute to climate change. Operational carbon performance relates to activities such as consumption of electricity, gas and transport fuels.

Emissions are measured by taking raw consumption data and inputting it into the Carbon Accounting Workbook (CAW) which is updated and published each year, by UKWIR. The CAW is the industry standard tool for reporting operational emissions and is reviewed each year. The annual review updates emission factors to reflect issues such as changes to national average grid emissions factors etc. It also makes updates in relation to new reporting requirements or improvements in science each year.

Figure 1 shows our baseline and year three performance. Measurement of greenhouse gases arising from electricity consumption has been conducted using a market-based emissions factor. This means we use an emission factor based on the type of electricity we have purchased. As in previous year's we've purchased Renewable Electricity Generation of Origin (REGO) the gas equivalent (RGGO) certified zero carbon renewable energy so our emissions for electricity and gas are zero with the exception of a small quantity of consumption used to charge electric vehicles at third-party charging stations, where the source of supply was unknown.

Emissions are split into three types:

- **Scope 1 emissions** are those we directly release to the atmosphere, for example from burning fossil fuels on our sites, driving company vehicles, and releasing gases during treatment processes.
- **Scope 2 emissions** related to the consumption of electricity. In Yorkshire Water's case emissions are zero because we purchase certified zero carbon renewable electricity.
- **Scope 3 emissions** related to business travel on public transport and in private vehicles, activities from outsourced operators.

All emissions are expressed in terms of tonnes CO2 equivalent (tCO2e) which is a standardised measure to compare all greenhouse gases in a single number, rather than as separate gases. The table below shows our emissions for our baseline (2019/2020) and our 3rd year (2022/2023).

Scope	Baseline: 2019/2020	Embedded emissions (tCO2e)	% Change against baseline
Scope 1	89,389	90,455	
Scope 2	0	105,290	
Scope 3	12,028	8,764	
Total emissions	**101,417**	**90,323**	**-10.9%**

Figure 1 – Operational carbon emissions

This shows a reduction of 10.9% in our second reporting year against our amended baseline. As mentioned above, our Scope 2 emissions are zero/close to zero because we purchase 100% certified zero carbon electricity and our scope 1 emissions as we have purchase gas from renewables as part of our activity to further reduce our carbon emissions.

Capital carbon and carbon arising from owned land

Reducing our greenhouse gas emissions

What is it?

This performance commitment measures our capital carbon emissions from the delivery of our capital investment programmes and any emissions arising from our owned land.

The measure will cover two areas of the company's carbon footprint:

- Capital emissions – the carbon that results from the company's investments to maintain and enhance its water and waste water assets. These activities include the construction, upgrading or refurbishment of assets needed to enhance or maintain service levels.
- Land emissions – the net balance of the carbon emissions that are absorbed and locked away in the company's land or released from its land. It doesn't include any human activities on the land we own, such as a farmers property and use of the fuels in the vehicles and equipment.

We will report the percentage change in the capital carbon emissions from the baseline.

This measure is subject to an external audit to make sure that all data related to the quantification, baselining, monitoring and reporting of capital carbon emissions is in compliance with PAS 2080:2016.

Why is it important?

Reducing the greenhouse gas emissions from our operations mitigates our impact to climate change.

Our performance

In the last 12 months we have completed a validation to PAS2080:2016 standard of our processes and approach by an independent third party. PAS2080 is a global standard for managing these emissions and ensures we are delivering high quality carbon reduction activities across our company.

This exercise has highlighted key areas of improvement that we will work on over the next year, and we will continue to improve our systems.

How are we performing?

Year	Target	Performance	On track?	Reward/Penalty
2020/2021	>23% by 2025	71.0%	✓	n/a
2021/2022	>23% by 2025	44.5%	✓	n/a
2022/2023	>23% by 2025	37.9%	✓	n/a

This performance commitment is reputational only and it is measured in year 5 (2025). There is no financial penalty or reward attached and our confirmed outcome will be reported in our 2025/2026 APR.

Embedded Greenhouse emissions reporting for 2022/2023

The following document summarises Yorkshire Water's embedded greenhouse gas (GHG) emissions in relation to capital projects undertaken within the 2022/2023 reporting year.

Further reporting around emissions can be found in Table 11A of Section 4. The reporting in this table is based on the same data used for our Capital Carbon performance commitment, which represent 'cradle-to-gate' GHG emissions associated with the delivery of Yorkshire Water's capital investment programme for our 2020-2025 asset management plan. Unlike the performance commitment, however, the figures reported in Table 11A do not incorporate GHG emissions/ sequestration from our land holdings. Embedded GHG emission data are calculated from models based on material data combined with a third-party emission factor database. All data related to the quantification, baselining, monitoring, and reporting of embedded GHG emissions are in compliance with PAS 2080:2016.

Embedded GHG emissions for the 2022/2023 reporting year are presented in Table 1. We have also provided embedded emissions for the previous year for comparison purposes.

Table 1: Embedded GHG emissions for the first three years of AMP7 Reporting year:

Year	Embedded emissions (tCO2e)	% change from baseline
2020/2021	90,455	3.6%
2021/2022	105,290	6.8%
2022/2023	90,323	-10.9%

Some large projects can take several years to reach completion. To facilitate reporting on an annual basis, we report emissions for all capital projects approved for delivery within the reporting year based on estimates of embedded emissions at the time of approval. Estimated emission data are refined as projects progress to completion, and therefore emission data for a given year may be subject to change in future years. At this time, we report embedded GHG emission data for construction projects only. However, we are investigating the feasibility of reporting embedded emissions associated with maintenance activities in future, as well as additional emissions derived from onsite construction and offsite disposal of waste (i.e. cradle-to-build), and purchased goods and services.

The information over the next few pages provides a combined summary of our strengths, weaknesses, opportunities, and threats (SWOT) analysis, in relation to our Operational and Capital Carbon emissions:

Strengths

Common

- Senior management are driving action on decarbonising the business, with governance oversight via out Net Zero Committee chaired by our Chief Executive Officer.
- We have both monthly capital and operational carbon hubs that meet to monitor performance and support the delivery of our carbon reduction plan to help us meet our targets.

Capital Carbon

- Compliance with PAS2080:2016.
- Emission calculations based on recognised third-party Inventory of Carbon and Energy emission factor database.
- Use of in-house carbon models, which are refined and improved over time.
- Carbon training courses provided to upskill colleagues and contract partners; some of which are mandatory.
- Partner and supply chain engagement on driving low-carbon solutions.
- Actively exploring new technologies (e.g., low carbon concrete) and solutions (e.g., treatment wetlands) to reduce embedded GHG emissions.
- Embedded GHG emissions incorporated into Yorkshire Water's decision-making framework, with an effective price of carbon.
- Reporting of embedded GHG emissions for purchased goods and services based on up-to-date and verified emission factors that are compliant with the GHG Protocol.
- Capital carbon calculations are an integrated element of our costing and modelling approach. This ensures that carbon forecasts and data capture processes are embedded across all capital projects within YW.

Operational Carbon

- Independent verification of Operational carbon data inputs to ISO14064-1 via BSI audit.
- Data governance workshops were provided for all data providers who feed data into our GHG emissions and improve data quality and confidence.
- Carbon expertise across multiple operational business units.
- Many planned operational carbon reduction initiatives expected to result in financial savings on initial investment.

Weaknesses

Capital Carbon

- Embedded GHG emissions currently calculated and reported for construction activities only (i.e. not maintenance activities).
- Current capital project reporting does not contain all before use lifecycle stages including transport to site or offsite waste management at present.
- Our in-house carbon models use version 2 of the Inventory of Carbon and Energy database (latest version is v3) at present. To be updated for the next AMP.
- YW models include the lifecycle stage 'A0 'Pre-construction stage'. This is included in both our cradle-to-gate and cradle-to-build calculations. However this stage is not considered to have a material impact on reported emissions.
- The estimated cradle-to-gate ratio has been applied to all water and wastewater projects including those which are in pre-construction phase and those that are non-construction capital projects. In addition, no account for cradle to gate differentiation has been made to projects in the M&G and H&S categories which are included in the totals.
- Within the data set of completed projects that has been used to create the cradle-to-gate ratio, above ground projects are not well represented. This may impact the appropriateness of the ratio for above ground schemes. In addition, as the approach has focussed on below ground schemes the subtleties of the data for above ground schemes, such as landscaping, are not taken into account for cradle-to-gate.

Operational Carbon

- Monitoring, measuring, and reducing process emissions is complex and largely outside our direct control.
- Current emission reduction initiatives are focused on incremental rather than transformational change.
- Additional reporting categories requested this year rely on weak data. For example, when reporting chemical purchased volumes we have clear financial data, but the associated detail of chemical volumes and concentrations is not currently recorded at a level adequate for accurate carbon accounting.
- While the carbon accounting workbook is being improved each year the latest version (CAW 17) still has limitations on reporting emissions associated with chemicals and downstream emissions from energy and fuel.
- Emission factors used for purchased goods and services are not supplier-specific.

Opportunities

Capital Carbon

- Growing momentum, experience, and data availability related to embedded GHG emissions.
- Contractors and suppliers increasingly willing and able to provide required data to calculate embedded GHG emissions.
- Best practice sharing across the water industry and infrastructure groups.
- We are championing the sharing of information and best practice between contract partners.
- Greater engagement with contract partners early in project lifecycle can maximise opportunities to reduce embedded GHG emissions.
- Relatively few projects have completed final invoice approval and actual outturn data has not yet been incorporated into reporting. Emissions are therefore currently based on forecasts and so the standard cradle-to-gate ratio is applied to all water and wastewater projects rather than reporting actual project specific values. Actual data will be included in future reporting cycles thus increasing the accuracy.
- Growing appreciation of the need for process emission reduction in the water industry and support from customers and Ofwat for taking action to reduce these and wider emissions.
- Many carbon reduction initiatives have co-benefits for climate change resilience (both business and customers).
- There are wider sustainability opportunities associated with land management for carbon sequestration (e.g. biodiversity enhancement, flood risk mitigation).

Threats

Common

- Opportunities for decarbonisation limited by progress of wider business landscape and other regulatory pressures (e.g. WINEP).

Capital Carbon

- No standardised methodology for assessing embedded GHG emissions available at present.
- Regulatory reporting requirements for GHG emissions continue to evolve.
- Data availability and quality risks, especially for data sourced from smaller contractors and suppliers.
- Contract Partner data availability and resource required to obtain information required for lifecycle stages not currently measured.

Operational Carbon

- Changes in external policy could have an adverse impact on our carbon emissions (e.g., more vehicle movements as a result of increased compliance requirements).
- Uncertainty around the future cost of carbon e.g., this could come from competing demand for green energy and demand driven price increases.
- With cost of living increases we must be mindful of how we distribute the cost of investments to decarbonise our business, to maintain affordability particularly for our vulnerable customers.
- There is industry wide uncertainty over the calculation and reporting of process emissions.

4. Pro forma tables

Links to additional information

- RAG 3.14 – Guideline for the format and disclosures for the annual performance report
- RAG 4.11 – Guideline for the table definitions in the annual performance report

Contents

Section 4 Additional regulatory information – service level

Section 5 Additional regulatory information – water resources

Section 6 Additional regulatory information – water Network Plus

Table 7 Additional regulatory information – wastewater Network Plus

Section 8 Additional regulatory information – bioresources

Section 9 Additional regulatory information – innovation competition

Section 11 Additional regulatory information – Greenhouse gas emissions

Regulatory information

The purpose of our regulatory financial information is for our stakeholders to understand how statutory financial accounting information, published under the Companies Act requirements, translates to the income, costs, assets, liabilities and cash flows of the appointed water and wastewater business of Yorkshire Water Services Limited, under regulatory accounting standards.

This section is structured as follows

This regulatory information section contains specific financial and non-financial performance information that is required under the Regulatory Accounting Guidelines (RAGs) issued by Ofwat.

This includes:

- Regulatory financial reporting which takes information from published statutory financial statements and adjusts that information to take account of differences between statutory financial reporting in accordance with UK Generally Accepted Accounting Principles (UK GAAP) and Regulatory Accounting standards. On adoption of new UK GAAP there was a choice between Financial Reporting Standards, FRS101 and FRS102. We have elected to report our statutory financial information under FRS102.
- Price control and other segmental reporting financial information, which sets out financial information by price control and underlying operational processes.
- Performance summary for our performance commitments.
- Additional regulatory information as required by Ofwat.
- Cost assessment tables which provide information on the allocation of expenditure to different investment categories. As well as information on the drivers of expenditure to support the development of cost models and comparative analysis. Where further explanation of specific information is required, technical notes are included as appropriate.

Where specific reference is made to tables and lines within the tables, they will be shown in the commentary as either Table 1A Line 1 or 1A.1, for example.

All tables have been published in an Excel spreadsheet alongside this APR document. The tables can be found at:
yorkshirewater.com/about-us/reports/

Summary of our overall financial performance

The information on this page is as per the Annual Report Financial Statements (ARFS). Click here for a link: yorkshirewater.com/reports

Our revenue (the income we receive for the services we provide) has increased to £1,144.7m (2021/2022: £1,118.5m). This is largely due to the inflationary annual price increase, partially offset by the ongoing impact of post-COVID homeworking on consumption, along with other factors such as the customer usage impact of the drought and subsequent Temporary Use Ban (TUB) for household customers, and economic factors impacting business customer consumption.

Operating costs have increased from £876.2m to £908.0m, principally due to inflationary cost pressures and atypical costs due to the impact of the drought and dry weather recovery, and finalisation of a business wide strategic review. Approximately £25m of atypical drought and dry weather recovery costs were incurred due to the severe operational challenges managed by the business over the summer, and the finalisation of an in-depth strategic review of business processes resulted in £9m of severance related costs. Management are tightly controlling costs and monitoring the manner in which we deliver and manage our operating cost programmes. With high inflation we are striving to ensure that we invest strategically to maximise operating performance whilst keeping costs as low as possible.

Overall, the net impact of the above movements is a decrease to adjusted EBITDA of £3.9m and a decrease to operating profit of £5.6m from 2021/2022 to 2022/2023. A reconciliation of EBITDA to Operating Profit is provided in our ARFS at the link above.

Capital additions for 2023 were £534.1m (2021/2022: £434.1m). Our investment programmes help us maintain and enhance our operational efficiency and the resilience of Yorkshire Water's infrastructure. We are increasingly focused on how we ensure the most sustainable investment choices. Our programme of capital investment supports the delivery of service level performance improvements required to meet our stretching targets. Our single largest programme which will deliver our Water Industry National Environment Plan (WINEP) commitments is underway and early benefits have been realised already.

Revenue

This is the income received for services provided.

2022/2023: £1,144.7m
(2021/2022: £1,118.5m)

Operating profit

Profit, before interest and tax.

2022/2023: £236.7m
(2021/2022: £242.3m)

Adjusted EBITDA

This is an accounting term and is our earnings before interest, tax, depreciation, amortisation and exceptional items.

2022/2023 £577.4m
(2021/2022 £581.3m)

Capital additions

The amount spent to acquire and enhance assets and infrastructure to provide services to our customers.

2022/2023: £534.1m
(2021/2022: £434.1m)

Financial auditor's opinion

Deloitte.

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Independent Auditor's report to the Water Services Regulation Authority (the WSRA) and the Directors of Yorkshire Water Services Limited

Opinion

We have audited the sections of Yorkshire Water Services Limited's Annual Performance Report for the year ended 31 March 2023 ("the Regulatory Accounting Statements") which comprise:

- the regulatory financial reporting tables comprising the income statement (table 1A), the statement of comprehensive income (table 1B), the statement of financial position (table 1C), the statement of cash flows (table 1D), the net debt analysis (table 1E), lines 1F.1 to 1F.3, 1F.5 to 1F.8, 1F.12 to 1F.14, 1F.21 to 1F.22 and 1F.24 to 1F.26 of the statement of financial flows (table 1F) and the related notes; and
- the regulatory price review and other segmental reporting tables comprising the segmental income statement (table 2A), the totex analysis – wholesale (table 2B), the cost analysis - retail (table 2C), the historical cost analysis of fixed assets (table 2D), the analysis of grants and contributions (table 2E), the residential retail (table 2F), the revenue analysis (table 2I), the infrastructure network reinforcement costs (table 2J), the infrastructure charges reconciliation (table 2K), the analysis of land sales (table 2L), the revenue reconciliation for wholesale (table 2M), residential retail social tariffs (table 2N) and historical cost analysis of intangible assets (table 2O) and the related notes.

We have not audited the non-household water revenues by customer type (table 2G), the non-household wastewater revenues by customer type (table 2H), lines 1F.4, 1F.9 to 1F.11, 1F.15 to 1F.20 and 1F.23 of the statement of financial flows (table 1F), the Outcome performance table (tables 3A to 3I) or the additional regulatory information in tables 4A to 4W, 5A to 5B, 6A to 6F, 7A to 7F, 8A to 8D, 9A, 10A to 10E and 11A.

In our opinion, Yorkshire Water Services Limited's Regulatory Accounting Statements have been prepared, in all material aspects, in accordance with Condition F, the Regulatory Accounting Guidelines issued by the WSRA (RAG 1.09, RAG 2.09, RAG 3.14, RAG 4.11 and RAG 5.07) and the accounting policies (including the Company's published accounting methodology statement(s), as defined in RAG 3.14, appendix 2), set out in section 4.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), including ISA (UK) 800, and applicable law, except as stated in the section on Auditors' responsibilities for the audit of the Regulatory Accounting Statements below, and having regard to the guidance contained in ICAEW Technical Release Tech 02/16 AAF 'Reporting to Regulators on Regulatory Accounts' issued by the Institute of Chartered Accountants in England & Wales.

Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the Regulatory Accounting Statements within the Annual Performance Report section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit, including the Financial Reporting Council's (FRC's) Ethical Standard as applied to public interest entities, and we have fulfilled our ethical responsibilities in accordance with these

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requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – special purpose basis of preparation

We draw attention to the fact that the Regulatory Accounting Statements have been prepared in accordance with a special purpose framework, Condition F, the Regulatory Accounting Guidelines, the accounting policies (including the Company's published accounting methodology statement(s), as defined in RAG 3.14, appendix 2) set out in the statement of accounting policies and under the historical cost convention. The nature, form and content of the Regulatory Accounting Statements are determined by the WSRA. As a result, the Regulatory Accounting Statements may not be suitable for another purpose. It is not appropriate for us to assess whether the nature of the information being reported upon is suitable or appropriate for the WSRA's purposes. Accordingly we make no such assessment. In addition, we are not required to assess whether the methods of cost allocation set out in the accounting methodology statement are appropriate to the circumstances of the Company or whether they meet the requirements of the WSRA.

The Regulatory Accounting Statements are separate from the statutory financial statements of the Company and have not been prepared under the basis of international accounting standards in conformity with the requirements of the Companies Act 2006 ("UK IASs"). Financial information other than that prepared on the basis of UK IASs does not necessarily represent a true and fair view of the financial performance or financial position of a Company as shown in statutory financial statements prepared in accordance with the Companies Act 2006.

The Regulatory Accounting Statements in section 4 have been drawn up in accordance with Regulatory Accounting Guidelines with a number of departures from IASs. A summary of the effect of these departures in the Company's statutory financial statements is included in the tables within section 1.

Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

In auditing the Regulatory Accounting Statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the Regulatory Accounting Statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Understanding financial facilities including compliance with interest cover ratio covenants and obtaining confirmation of undrawn facilities;
- Understanding how the going concern model mirrors the business model and the forecasts used for impairment testing;
- Testing the accuracy of the model and assessing the historical accuracy of forecasts prepared by management; challenging the key assumptions used in the forecasts, such as revenue levels and capital expenditure, including giving consideration to the current and forecast economic environment with high inflation and low levels of unemployment in the UK;

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- Assessing the maturity profile of the company's debt and the available liquidity for the going concern period;
- Performing sensitivity analysis based on contradictory evidence, including consideration of the market, latest third party economic forecasts and FY24 results to date; and
- Assessing the appropriateness of the going concern disclosures made in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises all of the information in the Annual Performance Report other than the Regulatory Accounting Statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the Regulatory Accounting Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Regulatory Accounting Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Regulatory Accounting Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the Regulatory Accounting Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report based on these responsibilities.

Responsibilities of the Directors for the Annual Performance Report

As explained more fully in the Statement of Directors' Responsibilities set out in section 4, the directors are responsible for the preparation of the Annual Performance Report in accordance with Condition F, the Regulatory Accounting Guidelines issued by the WSRA and the Company's accounting policies (including the Company's published accounting methodology statement(s), as defined in RAG 3.14, appendix 2).

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of the Annual Performance Report that is free from material misstatement, whether due to fraud or error.

In preparing the Annual Performance Report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going

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concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the Audit of the Regulatory Accounting Statements within the Annual Performance Report

Our objectives are to obtain reasonable assurance about whether the Regulatory Accounting Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Regulatory Accounting Statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- Had a direct effect on the determination of material amounts and disclosures in the Regulatory Accounting Statements. These included Regulatory Accounting Guidelines as issued by the WRSA, UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the Regulatory Accounting Statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the company's operating licence, regulatory solvency requirements and environmental regulations.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

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- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports, and reviewing correspondence with HMRC and WSRA.

A further description of our responsibilities for the audit of the Regulatory Accounting Statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of this report

This report is made, on terms that have been agreed, solely to the Company and the WSRA in order to meet the requirements of Condition F of the Instrument of Appointment granted by the Secretary of State for the Environment to the Company as a water and sewage undertaker under the Water Industry Act 1991 ("Condition F"). Our audit work has been undertaken so that we might state to the Company and the WSRA those matters that we have agreed to state to them in our report, in order (a) to assist the Company to meet its obligation under Condition F to procure such a report and (b) to facilitate the carrying out by the WSRA of its regulatory functions, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the WSRA, for our audit work, for this report or for the opinions we have formed.

Our opinion on the Regulatory Accounting Statements is separate from our opinion on the statutory financial statements of the Company for the year ended 31 March 2023 on which we reported on 14 July 2023, which are prepared for a different purpose. Our audit report in relation to the statutory financial statements of the Company (our "Statutory audit") was made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our Statutory audit work was undertaken so that we might state to the Company's members those matters we are required to state to them in a statutory audit report and for no other purpose. In these circumstances, to the fullest extent permitted by law, we do not accept or assume responsibility for any other purpose or to any other person to whom our Statutory audit report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Deloitte LLP

Deloitte LLP
Leeds, United Kingdom
14 July 2023

Statement as to disclosure of information to auditors

Each director in office at the date of this report confirms that:

- So far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- Each director has taken all the steps they ought to have taken as a director in order to make themselves aware of any relevant audit information, and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Table 1: Regulatory financial reporting

Introduction

The information in this section details 'Regulatory financial reporting' as required by Ofwat, with a brief description of significant variances compared to previous years. The information in this section comprises the following tables.

Statement on differences between statutory and Regulatory Accounting Guidelines (RAG) definitions

Differences between statutory and regulatory definitions for Tables 1A, 1B, 1C and 1D has been provided under Table 1. We have also provided a narrative explanation on the significant differences and what they relate to. We have provided a reconciliation of borrowings between Table 1E and Table 1C and an explanation of the reasons for the differences.

Table 1A
Income statement for the 12 months ended 31 March 2023

Line description	Units	DPs	Statutory	Adjustments: Differences between statutory and RAG definitions	Adjustments: Non-appointed	Adjustments: Total adjustments	Total appointed activities	RAG 4 reference
Revenue	£m	3	1,144.696	12.243	13.601	-1.358	1,143.338	1A.1
Operating costs	£m	3	-908.029	-27.856	-12.658	-15.198	-923.227	1A.2
Other operating income	£m	3	0.000	7.110	0.000	7.110	7.110	1A.3
Operating profit	£m	3	236.667	-8.503	0.943	-9.446	227.221	1A.4
Other income	£m	3	0.000	12.631	0.137	12.494	12.494	1A.5
Interest income	£m	3	65.136	0.000	0.000	0.000	65.136	1A.6
Interest expense	£m	3	-376.438	-51.208	0.000	-51.208	-427.646	1A.7
Other interest expense	£m	3	0.000	0.000	0.000	0.000	0.000	1A.8
(Loss)/Profit before tax and fair value movements	£m	3	-74.635	-47.080	1.080	-48.160	-122.795	1A.9
Fair value gains/(losses) on financial instruments	£m	3	797.924	0.000	0.000	0.000	797.924	1A.10
Profit/(Loss) before tax	£m	3	723.289	-47.080	1.080	-48.160	675.129	1A.11
UK Corporation tax	£m	3	1.837	0.000	-0.210	0.210	2.047	1A.12
Deferred tax	£m	3	-180.907	11.770	0.000	11.770	-169.137	1A.13
Profit/(Loss) for the year	£m	3	544.219	-35.310	0.870	-36.180	508.039	1A.14
Dividends	£m	3	-62.337	0.000	0.000	0.000	-62.337	1A.15
Tax analysis								
Current year	£m	3	0.014	0.000	0.210	-0.210	-0.196	1A.16
Adjustments in respect of prior years	£m	3	-1.851	0.000	0.000	0.000	-1.851	1A.17
UK Corporation tax	£m	3	-1.837	0.000	0.210	-0.210	-2.047	1A.18
Non-appointed								
Analysis of non-appointed revenue								
Imported sludge	£m	3			0.000			1A.19
Tankered waste	£m	3			4.779			1A.20
Other non-appointed revenue	£m	3			8.822			1A.21
Revenue	£m	3			13.601			1A.22

Key
Input cell Calculation cell Copy cell

Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 1A takes information from the statutory accounts and captures the adjustments needed to show the regulatory income statement for the appointed business. Adjustments include both differences between UK Generally Accepted Accounting Principles (UK GAAP) and Regulatory Accounting Guidelines (RAG), and the removal of non-appointed income and costs.

The appointed business is defined as the regulated activities of the appointee, that is those activities necessary to fulfil the functions and duties of a water and sewerage undertaker. The non-appointed business encompasses those activities where we are not a monopoly supplier, or the activity involves the optional use of an asset owned by the appointed business (examples include shared services to the Group and the treatment of tankered waste).

Financial Performance

The increase in appointed revenue to £1,143.3m (2021/2022: £1,117.2m) is largely due to the inflationary annual price increase, partially offset by the ongoing impact of post-COVID homeworking on consumption, along with other factors such as the usage impact of the drought and subsequent Temporary Use Ban (TUB) for household customers, and economic factors impacting business customer consumption.

Non-appointed revenue of £13.6m (2021/2022: £15.4m) is made up of £4.8m from imported tankered waste, £4.1m from Safemove (provides drainage and water searches for property buyers), £1.9m from Kelda Non-Regulated companies, £1.5m from our largest trade customer, Syngenta, £0.9m related to meter reading and £0.4m of other movements.

Operating costs, totalling £923.2m (2021/2022: £896.7m) have increased principally due to inflationary cost pressures and atypical costs due to the impact of the drought and dry weather recovery and finalisation of a business wide strategic review. Approximately £25m of atypical drought and dry weather recovery costs were incurred due to the severe operational challenges managed by the business over the summer, and the finalisation of an in-depth strategic review of business processes resulted in £9.0m of severance related costs. Management are tightly controlling costs and monitoring the manner in which we deliver and manage our operating cost programmes. With high inflation we are striving to ensure that we invest strategically to maximise operating performance whilst keeping costs as low as possible.

As in the prior year, an adjustment has been made as requested in the information notice 2201 1.7 in relation to the innovation fund. The adjustment removes operating costs of £4.1m (2021/2022: £3.7m) relating to provisions made to pay future innovation competition winners from revenue collected from customers for the innovation fund. A further adjustment has been made to reverse the operating cost impact of the £5.4m (2012/2022: £0.2m) cash paid to competition winners and for administrative fees in 2022/2023. We have presented this as an adjustment to other income on line 1A.5 in order to maintain the correct cash figure on **Table 1C** and to minimise the impact on other tables (in line with discussions with other WaSCs in the prior year). These adjustments result in an overall decrease to the profit before tax of £1.3m (2020/2021: £3.5m increase to profit). The reversal of the £5.9m provision relating to these amounts can be seen in **Table 1C** (line 1C.25). The retained earnings and other reserves impact of these adjustments (line 1C.33) relates to the current year impact, plus the brought forward impact of the equivalent adjustments for 2020/2021 and 2021/2022.

Other operating income of £7.1m (2021/2022: £12.3m) relates to land sales including £4.6m relating to sale of land at our Knostrop Wastewater Treatment site, and a further £1.7m of profit share from the sale of land in Caldervale, plus £0.8m of other smaller transactions.

Other adjustments to reclassify revenue, operating costs, other operating income and other income as required by RAGs are detailed below.

Interest income has increased to £65.1m (2021/2022: £41.9m) and interest expense has increased to £427.6m (2020/2021: £281.9m), largely as a result of higher inflation.

Interest expense of £427.6m comprises:

- Interest payable on intra-group borrowings of £360.9m. This is interest on back-to-back loans with external borrowings raised by subsidiary financing companies;
- Interest charged on external borrowings, excluding those relating to direct procurement for customer arrangements of £59.9m;
- £3.4m relates to amortisation of debt issuance costs;
- Interest payable in relation to other leases under IFRS 16 of £1.6m; and
- Other financing costs/interest costs of £1.8m.

Yorkshire Water holds £1,289.0m notional value of inflation linked swaps on which the company receives interest based on the Sterling Overnight Index Average (SONIA) and pays interest based on inflation (RPI). A significant decrease in the net derivative liability position, mainly due to the financial markets anticipating higher interest rates, lead to overall favourable fair value movements of £797.9m (2022: £369.6m cost).

Our dividend policy explicitly states that distributions will only be made after an appropriate financial resilience analysis has been undertaken, that dividends will be adjusted to reflect and recognise company performance and benefit sharing from service and efficiency performance, and states the continuing need for the reinvestment of profits in the business and the funding of employee interests. The policy ensures that delivery for customers and colleagues is not just considered but factored into any amounts that are to be paid out as dividends. Whenever a dividend is considered by the Board, a paper is prepared for the Board's consideration, which sets out the purpose of the dividend and how it complies with the dividend policy.

The company's dividend policy is to:

- Determine a base dividend from a set yield applied to regulatory equity derived by reference to the company's actual capital structure.
- Adjust this base dividend to reflect and recognise in-the-round company performance, particularly performance against relevant targets set in the determination of price limits; the continuing need for reinvestment of profits in the business and the funding of employee interests;
- Ensure there are sufficient profits available for distribution in the foreseeable future and the company remains financially resilient, following the payment of a dividend, when considering the undertakings and financial covenants that are part of Yorkshire Water's financing arrangements.

When approving dividends to be paid in a financial year, the Board assesses both company performance to date and that expected for the whole of an AMP to determine the total dividends that could be paid for the whole AMP. As such, dividend payments are considered within the longer-term context of the business and not just on the basis on the last 12 months, and explicitly considers the ability of the business to be able to deliver into the future.

For the 2022/2023 financial year the Board considered and agreed a number of clarifications to the application of the dividend policy given recent Ofwat guidance on financial resilience. Prior to approval of any dividends the Board considered a number of factors, including but not limited to: delivery of Performance Commitments that incorporate incentive-based rewards and penalties; circumstances where performance has exceeded or not met targets, customer service, or environmental performance; and the ability to maintain financial resilience.

Taking all of the above into account, the Board considers that a reduction to the base dividend in respect of performance in 2022/2023 and expected across AMP7 as a whole is appropriate. Reflecting this performance adjustment against the base yield, total dividends of £62.3m were paid in the year (2021/2022: £52.6m) which represents a total dividend yield of 2.4% compared to a regulatory base yield of 4%. This provides a broadly consistent dividend with the two prior years of this AMP where dividend yield has averaged 2.6%.

None of these dividends were paid to the shareholders of Kelda Holdings Limited (2021/2022: £nil), Yorkshire Water's ultimate parent company, as they continue to support the company's financial resilience.

These dividends included distributions of £22.0m (2021/2022: £29.4m) that did not impact the company's liquidity position or its distributable reserves as they were returned immediately to the company in the form of interest receipts on intercompany loans. No dividends have been proposed post year end in relation to 2022/2023 (2021/2022: £nil).

Technical notes

The table below shows the detailed GAAP adjustments that are made to the income statement as detailed in the statutory accounts to derive the income statement for the appointed business. The net adjustment of £35.3m reduction to profit for the year has increased from the previous year (2021/2022: £2.3m net increase to profit). This is predominantly due to capitalised interest added back to interest expense in the year which has increased due to additional activity and as a result of higher inflation rates.

Line description	Profit on Disposal of Fixed Assets	Rental Income	RDEC Income	S104 Income (sewer adoption fees)	Cost Recovery Income	G&C Income	Adopted sewers income (IFRIC 18)	Capitalisation of interest and related depreciation	IFRS 15 Revenue Recognition	Innovation Fund	IFRS 16 Leases	Total
Line 1A.1 Revenue	-	-	-	(2.355)	(0.364)	(11.084)	(2.661)	-	28.707	-	-	12.243
Line 1A.2 Operating costs	(7.011)	(1.928)	(0.098)	-	0.364	-	-	5.114	(28.707)	4.130	0.281	(27.856)
Line 1A.3 Other operating income	7.011	-	0.098	-	-	-	-	-	-	0.000	-	7.110
Line 1A.5 Other income	-	1.928	-	2.355	-	11.084	2.661	-	-	(5.397)	-	12.631
Line 1A.7 Interest expense	-	-	-	-	-	-	-	(50.835)	-	-	(0.373)	(51.208)
Line 1A.13 Deferred tax	-	-	-	-	-	-	-	11.430	-	0.317	0.023	11.770
Total	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**(34.290)**	**0.000**	**(0.950)**	**(0.069)**	**(35.310)**

The differences between statutory financial reporting in accordance with FRS 102 and regulatory financial reporting are:

- Profit on Disposal of Fixed Assets – This removes £7.0m of profit on disposal of fixed assets from operating costs (1A.2) and moves it to other operating income (1A.3) per RAG 4.11 line 1A.3 instructions. As such, this is a presentational adjustment only;
- Rental Income – This removes £1.9m of rental income from operating costs (1A.2) and moves it to other income (1A.5) per RAG 4.11 line 1A.5 instructions. Again, this is a presentational adjustment only;
- RDEC Income – This removes £0.1m of RDEC Income from operating costs (1A.2) and moves it to other operating income (1A.3) per RAG 4.11 line 1A.3 instructions. Again, this is a presentational adjustment only;
- S104 income (sewer adoption fees) - This moves £2.4m of S104 income, relating to fees from developers for adoption of sewers, from revenue (1A.1) to other income (1A.5) per RAG 4.11 line 1A.5 instructions. Again, this is a presentational adjustment only;
- Cost recovery income – This moves £0.4m of cost recovery from revenue (1A.1) to operating costs (1A.2) per RAG 4.11 line 1A.1 instructions.
- Grants and contribution (G&C) income totalling £11.1m recognised in revenue for statutory reporting is reclassified in other income for regulatory financial reporting. As such, this is a presentational adjustment only;

- Adopted sewers income (IFRIC 18) of £2.7m recognised in revenue for statutory reporting is reclassified in other income for regulatory financial reporting. Again, this is a presentational adjustment only;
- Interest that is capitalised and the related depreciation in the statutory accounts is removed for regulatory financial reporting. The adjustments increase the regulatory interest expense by £50.9m and reduce related asset depreciation by £5.1m. The net effect of this adjustment is a £45.7m decrease to the regulatory profit before tax for the year;
- £28.7m of billed and unbilled amounts receivable have not been recognised as revenue in the statutory accounts in the current year, on the basis that they are not probable of collection in accordance with the statutory accounts accounting policy (which is in accordance with IFRS15). This reduction in revenue is offset by a consequential reduction in the bad debt charge and bad debt provision of the same amount. As such, this is a presentational adjustment only. In line with RAG guidelines, this adjustment has been reversed in the income statement for the appointed business;
- £4.1m of operating costs relating to provisions made to pay future innovation competition winners from revenue collected from customers for the innovation fund have been removed, as requested in the information notice 2201 1.7. The reversal of the £5.9m provision relating to cumulative innovation fund amounts collected in AMP7 to date but unpaid at 31 March 2023 can be seen in **Table 1C** (line 1C.25). £5.4m adjustment has been made relating to amounts paid to innovation competition winners and for fund administration charges in 2022/2023. As per prior year and in line with other WASCs this amount is presented as a negative adjustment to other income on line 1A.5 in order to maintain the correct cash figure on **Table 1C** and to minimise the impact on other tables. These adjustments result in a net £1.3m decrease to regulatory profit before tax for the year; and
- RAG 1.09 (section 4.18) requires all companies to account for leases in accordance with IFRS 16 in the regulatory accounting statements. Since Yorkshire Water reports under FRS 102, a RAG adjustment has been included for the year ended 31 March 2023 to ensure IFRS 16 is applied. This has resulted in Yorkshire Water recognising right of use assets within fixed assets and lease liabilities within fixed rate borrowings for regulatory financial reporting. As a result:
    - Right of use assets have been included within **Table 1C** with a net book value of £13.1m;
    - Lease liabilities of £14.7m are included within **Table 1C**, of which £3.4m is due in less than 1 year and £11.3m is due in more than 1 year;
    - Operating expenditure has increased by £0.3m due to the removal of the lease expense offset by additional depreciation charged on the right of use assets and a small element of profit on disposal of leased assets; and
    - Additional interest costs associated with the lease liabilities of £0.4m have been incurred for regulatory financial reporting.

Together the above adjustments for IFRS 16 result in a net decrease in the profit before tax of £0.1m.

Tax strategy for the appointed business

Adopted by the Board of Yorkshire Water Services Limited on 28 November 2022

This strategy applies to the group of companies headed by Yorkshire Water Services Limited ("the YW Group") in accordance with Schedule 19 to the Finance Act 2016. It is effective for the year ending 31 March 2023

The approach to management of our tax affairs is driven by our overall strategic direction, the most relevant aspects relating to the following:

- **Being a Great Partner** – in particular to lead by example and be open about what we do; and
- **Keeping Services Affordable** – we want our services and bills to be affordable for everyone. Managing the Group's tax liabilities by recognising appropriate legislative concessions and reliefs is of benefit to customers.

We also use the concept of the Six Capitals and our tax strategy and associated decision-making is influenced by the following Capitals:

- **Social Capital** – our relationships and customers' trust in us; and
- **Financial Capital** – our financial health and efficiency.

Bearing the above in mind means that the Group has a tax strategy and policies that address the need to be transparent regarding our approach to tax matters, to build and maintain trust with stakeholders while also recognising appropriate legislative concessions and reliefs for the benefit of customers.

Being a Great Partner Capital – Social Capital

We are committed to acting with integrity and to adopt the highest standards of openness and transparency with regards to our approach to our tax affairs. Our tax strategy and policies require that we fully comply with both the letter of UK tax law and its application as it was intended. We make timely and accurate tax returns that reflect our fiscal obligations to Government.

We aim for certainty on the tax positions that we adopt, however, tax law can be unclear at times or subject to interpretation. With this in mind, our policy is:

- not to enter into transactions that have a main purpose of gaining a tax advantage; and
- not to make interpretations of tax law considered to be opposed to the original published intention of the specific law.

To support us in ensuring that we have interpreted tax law and its intended application correctly, we seek advice from large accounting firms, legal firms and/or tax counsel as appropriate.

For example, we do not use artificial tax avoidance schemes or use tax havens to reduce our tax liabilities.

Relationship with HM Revenue & Customs

An important part of our tax strategy and policies is the maintenance of a strong, proactive working relationship with HM Revenue & Customs ("HMRC"). We are transparent with HMRC and, in cases of interpretation or complexity, work with them on a real time basis to determine the amount of tax due.

Tax disclosure

We understand the value of our financial reporting to customers, investors and other stakeholders. We work to provide enhanced, transparent and balanced disclosure in communicating our tax affairs.

Keeping Services Affordable Capital – Financial Capital

Managing our tax liabilities by recognising appropriate legislative concessions and reliefs is of benefit to customers (through fair and affordable bills) and investors (through fair and sustainable returns).

Our tax strategy and policies seek to make use of such appropriate reliefs and to control our tax costs so that money is not wasted. Decisions regarding such reliefs are taken using a decision-making framework that addresses the control of tax costs with being trusted by stakeholders.

Whilst seeking to manage tax liabilities, our policy is not to take an aggressive interpretation of tax legislation or use artificial tax avoidance schemes.

Tax Governance

Tax is part of the Finance function and is the ultimate responsibility of the Chief Finance Officer who is responsible for the tax strategy and policies.

Tax strategy and policies are reviewed on an on-going basis by the Audit Committee and Board of Directors. Our tax status is reported regularly through the Group's Financeability Governance Group, chaired by the Chief Finance Officer. Tax status is also reported via the Audit Committee through the Group's Strategic Risk Register.

Tax strategy and policy issues are assessed on a case by case basis by the Tax Team with appropriate input from the Head of Corporate Finance, Chief Finance Officer in conjunction with the Chief Executive. Day-to-day tax matters are delegated to the Head of Corporate Finance and a team of in-house professionals who hold a combination of accounting and tax qualifications.

Contribution

When considering the Group's tax contributions, there are several important factors to take into account:

- corporation tax is focused on by stakeholders, however, it is only one of a wide variety of taxes, duties and contributions that are levied on the Group. Amongst other things our costs include employment taxes, national insurance, carbon taxes, fuel duty and business rates;
- taxation is not the only method by which the UK Exchequer can raise revenue from businesses. Other mechanisms include business rates and licenses. These are important to public finances and must be taken into account when considering a company's part in society; and
- large companies are an important source of employment leading to higher Government revenues from employment taxes and increased levels of consumer spending; and we are an important source of investment into national infrastructure achieving a benefit that would have to be funded directly by the state, most likely through public borrowing. The capital allowances we claim on this infrastructure and tax deductible interest costs on debt raised to fund infrastructure expenditure reflect public policy choices made by Government and, wholly intentionally, have the effect of reducing tax liabilities for companies whose investment decisions support those policy choices.

Current tax reconciliation & analysis

The table below reconciles the difference between:

- the tax credit that would be expected if the standard rate of corporation tax in the UK (19%) was applied to the Company's loss before tax and fair value movements; and
- the appointed current tax credit for the year.

	£m
Loss before tax and fair value movements in relation to appointed activities	(122.8)
Tax credit at the standard rate of corporation tax in the UK of 19%	(23.3)
Adjustments in relation to assets	
Non-deductible accounting depreciation on fixed assets and amortisation of intangible assets	42.5
Potential capital allowances available to claim on fixed assets (1)	(70.0)
Capital allowances waived and deferred to future years (1)	44.9
Adjustments in relation to financial instruments	
Adjustment to allow an element of the Company's fair value losses as they represent an accruals basis of accounting which is deductible for tax purposes	(26.0)
Other adjustments	
Deductible payments to pension scheme	(0.9)
Employee remuneration accrued but not deductible until paid	0.1
Non-deductible costs (2)	0.9
Non-taxable profits (3)	(1.4)
Unutilised losses (4)	33.0
Adjustments in relation to prior years	(1.8)
Appointed current tax credit (5)	**(2.0)**

1. The Company has made tax losses in the year. As a result, the Company has reduced its capital allowance claim on its capital expenditure for the year. This tax relief is deferred to later periods. Deferring capital allowances will ultimately benefit customers through lower bills in the future.
2. Non-deductible costs mainly relate to transfer pricing adjustments, non-deductible professional fees and fines, operating expenditure which is capital for tax purposes and other accounting adjustments.
3. Income reflected in the accounts which is not subject to tax as either there is no cash received by the Company or the income has reduced the amount of capital allowances that can be claimed on the assets associated with the income. This amount also includes Research & Development (R&D) credit income that has been subject to tax in previous periods.
4. The Company has generated tax losses in the period which could not be used this year. They will be carried forward and offset against future years' taxable profits.
5. The appointed current tax credit represents amounts due from other Kelda Group companies in relation to a prior year reduction in compensation for them surrendering tax losses to the Company. The Company has no current tax charge for the year in relation to corporation tax liabilities owed to HM Revenue & Customs.

The current tax charge allowed in price limits is reconciled to the appointed current tax credit as follows:

	£m
Total current tax charge allowed in price limits (based on corporation tax rate of 19% used in setting prices)	1.7
Tax effect of differences due to:	
Lower operating profit	(35.0)
Higher finance costs included in corporation tax calculations	(44.2)
Unutilised losses (1)	33.0
Fixed assets	
Assumptions regarding allowable depreciation and potential capital allowance claims	2.3
Capital allowances waived and deferred to future years (2)	44.9
Assumptions regarding chargeable gains	(1.8)
Other	
Assumptions regarding pension deductions	(0.9)
Assumptions regarding non tax deductible expenses (3)	(0.2)
Prior year adjustments	(1.8)
Appointed current tax credit (4)	**(2.0)**

1. The Company has generated tax losses in the period which could not be used this year. They will be carried forward and offset against future years' taxable profits.
2. The Company has made tax losses in the year. As a result, the Company has reduced its capital allowance claim on its capital expenditure for the year. This tax relief is deferred to later periods. Deferring capital allowances will ultimately benefit customers through lower bills in the future.
3. This mainly relates to transfer pricing adjustments, fines and capital expenditure for tax purposes included in operating costs and non-deductible accrued employee remuneration.
4. The appointed current tax credit represents amounts due from other Kelda Group companies in relation to a prior year reduction in compensation for them surrendering tax losses to the Company. The Company has no current tax charge for the year in relation to corporation tax liabilities owed to HM Revenue & Customs.

Factors that will impact future tax charges will include:

- changes in corporation tax rates and capital allowance rates;
- any changes in tax legislation or practice not reflected in the relevant FD.

Table 1B

Statement of comprehensive income for the 12 months ended 31 March 2023

Line description	Units	DPs	Statutory	Adjustments: Differences between statutory and RAG definitions	Adjustments: Non-appointed	Total adjustments	Total appointed activities	RAG 4 reference
Profit for the year	£m	3	544.219	-35.310	0.870	-36.180	508.039	1B.1
Actuarial gains/(losses) on post-employment plans	£m	3	0.870	0.000	0.000	0.000	0.870	1B.2
Other comprehensive expense	£m	3	-376.586	0.000	0.000	0.000	-376.586	1B.3
Total comprehensive income for the year	£m	3	168.503	-35.310	0.870	-36.180	132.323	1B.4

The statement of comprehensive income sets out all items which result in a change to our balance sheet reserves. The statutory profit for the year of £544.2m is adjusted for actuarial gains on post-employment plans of £0.9m, and other comprehensive expense of £376.6m. Other comprehensive expense comprises a revaluation loss on fixed assets before taxation of £458.7m, less related deferred tax credit on the revaluation of £113.8m, plus the net effect of cash flow hedges amounting to £31.7m expense.

In respect of the fixed asset revaluation, we have a policy under FRS 102 of holding infrastructure assets (networks), residential properties, nonspecialised properties and rural estates under a valuation model. The fair value of assets must be reviewed periodically under FRS 102.

The infrastructure assets have been revalued during the year resulting in a decrease in their value of £458.7m before deferred tax. The valuation amount was established by reviewing the discounted cash flows of Yorkshire Water to establish the assets' value in use and cross referenced against recent market data regarding Regulated Capital Value (RCV) multiples realised in transactions of similar infrastructure businesses to make sure the valuation was not misaligned to market valuation.

The infrastructure asset valuation is based on an independent valuation of Yorkshire Water by KPMG, providing an indication of the amount that could be achieved if the business was to be sold. For 2022/2023 KPMG have concluded that the water industry RCV multiples are lower than in previous years, reflecting the increase in RCV and a reduction in equity value due to macroeconomic and discount rate movements. The enterprise valuation is then adjusted for working capital movements and fixed assets to arrive at the uplift applied to the infrastructure assets specifically. The valuation this year has resulted in a reduction in the value of infrastructure assets of £458.7m.

The cash flow hedges arise from energy price swaps which hedge our exposure to energy price risk by exchanging the day ahead index price of energy for a fixed price. These swaps meet the criteria to be designated as a cashflow hedge and the decrease in the fair value of the energy price swap of £31.7m has been recognised directly in reserves through the statement of comprehensive income.

There is a net actuarial gain on the pension scheme of £1.1m within Yorkshire Water, with a corresponding adjustment to tax of £0.3m, resulting in a net gain to other comprehensive income of £0.9m. The defined benefit plan is a multi-employer scheme, and the sponsoring employer is Kelda Group Limited.

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 1C

Statement of financial position for the 12 months ended 31 March 2023

Line description	Units	DPs	Statutory	Adjustments: Differences between statutory and RAG definitions	Adjustments: Non-appointed	Adjustments: Total adjustments	Total appointed activities	RAG 4 reference
Non-current assets								
Fixed assets	£m	3	9,004.626	-182.168	2.563	-184.731	8,819.895	1C.1
Intangible assets	£m	3	229.163	-5.780	0.000	-5.780	223.383	1C.2
Investments - loans to group companies	£m	3	625.014	0.000	0.000	0.000	625.014	1C.3
Investments - other	£m	3	2.245	0.000	0.000	0.000	2.245	1C.4
Financial instruments	£m	3	226.166	0.000	0.000	0.000	226.166	1C.5
Retirement benefit assets	£m	3	0.000	0.000	0.000	0.000	0.000	1C.6
Total non-current assets	£m	3	10,087.214	-187.948	2.563	-190.511	9,896.703	1C.7
Current assets								
Inventories	£m	3	7.629	0.000	0.000	0.000	7.629	1C.8
Trade & other receivables	£m	3	638.285	0.000	1.710	-1.710	636.575	1C.9
Financial instruments	£m	3	31.043	0.000	0.000	0.000	31.043	1C.10
Cash & cash equivalents	£m	3	293.870	0.000	0.000	0.000	293.870	1C.11
Total current assets	£m	3	970.827	0.000	1.710	-1.710	969.117	1C.12
Current liabilities								
Trade & other payables	£m	3	-370.108	0.000	-0.516	0.516	-369.592	1C.13
Capex creditor	£m	3	-133.848	0.000	0.000	0.000	-133.848	1C.14
Borrowings	£m	3	-564.923	-3.351	0.000	-3.351	-568.274	1C.15
Financial instruments	£m	3	-6.691	0.000	0.000	0.000	-6.691	1C.16
Current tax liabilities	£m	3	0.000	0.000	0.000	0.000	0.000	1C.17
Provisions	£m	3	-13.036	0.000	0.000	0.000	-13.036	1C.18
Total current liabilities	£m	3	-1,088.606	-3.351	-0.516	-2.835	-1,091.441	1C.19
Net current (liabilities)/assets	£m	3	-117.779	-3.351	1.194	-4.545	-122.324	1C.20

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 1C – Continued

Statement of financial position for the 12 months ended 31 March 2023

				Adjustments				
Line description	Units	DPs	Statutory	Differences between statutory and RAG definitions	Non-appointed	Total adjustments	Total appointed activities	RAG 4 reference
Non-current liabilities								
Trade & other payables	£m	3	-2.086	0.000	0.000	0.000	-2.086	1C.21
Borrowings	£m	3	-5,504.768	-11.334	0.000	-11.334	-5,516.102	1C.22
Financial instruments	£m	3	-1,929.916	0.000	0.000	0.000	-1,929.916	1C.23
Retirement benefit obligations	£m	3	0.000	0.000	0.000	0.000	0.000	1C.24
Provisions	£m	3	-13.909	5.899	0.000	5.899	-8.010	1C.25
Deferred income – G&C's	£m	3	-367.468	0.000	-1.475	1.475	-365.993	1C.26
Deferred income – adopted assets	£m	3	-223.656	69.501	0.000	69.501	-154.155	1C.27
Preference share capital	£m	3	0.000	0.000	0.000	0.000	0.000	1C.28
Deferred tax	£m	3	-713.036	49.184	0.000	49.184	-663.852	1C.29
Total non-current liabilities	£m	3	-8,754.839	113.250	-1.475	114.725	-8,640.114	1C.30
Net assets/ (liabilities)	£m	3	1,214.596	-78.049	2.282	-80.331	1,134.265	1C.31
Equity								
Called up share capital	£m	3	11.000	0.000	0.000	0.000	11.000	1C.32
Retained earnings & other reserves	£m	3	1,203.596	-78.049	2.282	-80.331	1,123.265	1C.33
Total Equity	£m	3	1,214.596	-78.049	2.282	-80.331	1,134.265	1C.34

Table 1C takes the Balance Sheet as at 31 March 2023 detailed in the ARFS and makes adjustments for the differences between UK statutory financial reporting and regulatory financial reporting, together with removal of the non-appointed assets and liabilities. This then details the Balance Sheet of the appointed business.

The table below details the total adjustment of £78.0m to retained earnings and reserves and the corresponding adjustments to fixed assets, intangible assets, borrowings, provisions, deferred income and deferred tax. This comprises the differences between statutory and RAG definitions which are the balance sheet equivalent adjustments to those income statement adjustments described in more detail in the narrative to Table 1A.

Please note, the reversal of the IFRS15 adjustment relating to revenues not probable of collection has been included below for completeness, however as this increases both trade and other receivables and bad debt provision within line 1C.9, this adjustment has a net £nil balance sheet impact.

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Line description	Adopted sewers (IFRIC 18)	Capitalisation of Interest and Related Depreciation	IFRS 15 Revenue Recognition	Innovation Fund	IFRS 16 Leases	Total
Line 1C.1 Fixed assets	-	(195.281)	-	-	13.112	**(182.168)**
Line 1C.2 Intangible assets	-	(5.780)	-	-	-	**(5.780)**
Line 1C.9 Trade and other receivables	-	-	-	-	-	**-**
Line 1C.15 Borrowings (current)	-	-	-	-	(3.351)	**(3.351)**
Line 1C.22 Borrowings (non-current)	-	-	-	-	(11.334)	**(11.334)**
Line 1C.25 Provisions (non-current)	-	-	-	5.899	-	**5.899**
Line 1C.27 Deferred income - adopted assets	69.501	-	-	-	-	**69.501**
Line 1C.29 Deferred tax	-	50.265	-	(1.475)	0.393	**49.184**
Line 1C.33 Retained earnings & other reserves	(69.501)	150.795	-	(4.424)	1.179	**78.049**

Technical notes

As detailed in Table 1B and the statutory accounts, infrastructure assets (networks), residential properties, non-specialised properties and rural estates are held under a revaluation model, rather than historical cost. Whilst regulatory accounting guidance refers only to historical cost, given that UK GAAP FRS102 offers the choice between historical cost and valuation, and the regulatory guidance does not identify the requirement to re-state fixed assets for those adjustments, no adjustment has been made. This is consistent with the treatment in prior years.

Table 1D

Statement of cashflows for the 12 months ended 31 March 2023

Line description	Units	DPs	Statutory	Adjustments: Differences between statutory and RAG definitions	Adjustments: Non-appointed	Adjustments: Total adjustments	Total appointed activities	RAG 4 reference
Operating activities								
Operating profit	£m	3	236.667	-8.503	0.943	-9.446	227.221	1D.1
Other income	£m	3	24.018	-25.132	0.137	-25.269	-1.251	1D.2
Depreciation	£m	3	340.732	-1.970	0.161	-2.131	338.601	1D.3
Amortisation – Grants and contributions	£m	3	-13.745	13.745	0.000	13.745	0.000	1D.4
Changes in working capital	£m	3	31.962	0.000	-0.868	0.868	32.830	1D.5
Pension contributions	£m	3	0.000	0.000	0.000	0.000	0.000	1D.6
Movement in provisions	£m	3	2.138	1.267	-0.373	1.640	3.778	1D.7
Profit on sale of fixed assets	£m	3	-7.011	-0.004	0.000	-0.004	-7.015	1D.8
Cash generated from/(used in) operations	£m	3	614.761	-20.597	0.000	-20.597	594.164	1D.9
Net interest paid	£m	3	-133.832	-0.373	0.000	-0.373	-134.205	1D.10
Tax paid	£m	3	-4.119	0.000	0.000	0.000	-4.119	1D.11
Net cash generated from/(used in) operating activities	£m	3	476.810	-20.970	0.000	-20.970	455.840	1D.12
Investing activities								
Capital expenditure	£m	3	-530.849	0.000	0.000	0.000	-530.849	1D.13
Grants & Contributions	£m	3	0.000	24.018	0.000	24.018	24.018	1D.14
Disposal of fixed assets	£m	3	7.067	0.000	0.000	0.000	7.067	1D.15
Other	£m	3	0.000	0.000	0.000	0.000	0.000	1D.16
Net cash (used in)/ generated from investing activities	£m	3	-523.782	24.018	0.000	24.018	-499.764	1D.17
Net cash (used)/generated before financing activities	£m	3	-46.972	3.048	0.000	3.048	-43.924	1D.18

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 1D – Continued

Statement of cashflows for the 12 months ended 31 March 2023

Line description	Units	DPs	Statutory	Adjustments: Differences between statutory and RAG definitions	Adjustments: Non-appointed	Adjustments: Total adjustments	Total appointed activities	RAG 4 reference
Cashflows from financing activities								
Equity dividends paid	£m	3	-62.337	0.000	0.000	0.000	-62.337	1D.19
Net loans received/(paid)	£m	3	374.674	-3.048	0.000	-3.048	371.626	1D.20
Cash inflow from equity financing	£m	3	0.000	0.000	0.000	0.000	0.000	1D.21
Net cash generated from/(used in) financing activities	£m	3	312.337	-3.048	0.000	-3.048	309.289	1D.22
Increase/(decrease) in net cash	£m	3	265.365	0.000	0.000	0.000	265.365	1D.23

YWS is not required to publish a cashflow statement in the statutory accounts as the consolidated financial statements of Kelda Eurobond Co Limited include the equivalent disclosures. The company has also taken certain exemptions under FRS 102 available in respect of the disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues.

The cashflow information in Table 1D is, therefore, derived from the published Profit and Loss account and Balance Sheet information. Similar to **Tables 1A** and **1C**, Table 1D captures the adjustments needed to both reflect differences between statutory financial reporting in accordance with UK GAAP and regulatory financial reporting and remove non-appointed cashflows to determine the cashflow statement for the appointed business.

Overall, there was a net cash increase of £265.4m for 2022/2023. Cash generated from operations of £594.2m was reduced by:

- Cash investment in fixed assets including investment in tangible and intangible assets of £530.8m;
- Interest paid of £134.2m on borrowings taken out to fund historical and current capital investment programmes;
- Dividends paid to fund interest on other borrowings taken out on behalf of Yorkshire Water elsewhere in the group and dividends to the owners of Yorkshire Water totalling £62.3m as detailed in **Table 1A** commentary; offset by
- Net loans received of £371.6m.

£24.0m in relation to grants and contributions and adopted sewers under IFRIC 18 has been treated as cash generated from operations in the statutory cash flow and is included within Other Income (line 1D.2). In accordance with the RAGs this has been moved to Grants and Contributions (line 1D.14) within investing activities. The amortisation of grants and contributions and adopted sewers (totalling £13.7m), which was adjusted from Operating Profit to Other Income on **Table 1A**, is reflected in the corresponding adjustments to table 1D in lines 1D.1 and 1D.2 due to the Operating Profit lines being automatically linked in the tables. However, we have then adjusted this as a further statutory to RAG cashflow adjustment to other income as it is a non-cash movement.

The table below details the adjustments to the cash flow statement due to differences between statutory and RAG definitions. These are the cash flow equivalent adjustments to those income statement adjustments described in more detail in the narrative to **Table 1A**.

Key
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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Line description	Profit on Disposal of Fixed Assets	Rental Income	RDEC Income	S104 Income	Cost Recovery Income	G&Cs moved to investing activities	G&C Income	IFRIC 18 Adopted Sewers	Removal of G&C and Adopted Sewers amortisation (non-cash)	Capitalisation of Interest and Related Depreciation	Innovation Fund	IFRS 15 Revenue Recognition	IFRS 16 Leases	Total
Line 1D.1 Operating Profit	-	(1.928)	0.000	(2.355)	-	-	(11.084)	(2.661)	-	5.114	4.130	-	0.281	**(8.503)**
Line 1D.2 Other income	-	1.928	-	2.355	-	(24.018)	11.084	2.661	(13.745)	-	(5.397)	-	-	**(25.132)**
Line 1D.3 Depreciation	-	-	-	-	-	-	-	-	-	(5.114)	-	-	3.144	**(1.970)**
Line 1D.4 Amortisation - G&C's	-	-	-	-	-	-	-	-	13.745	-	-	-	-	**13.745**
Line 1D.7 Movement in provisions	-	-	-	-	-	-	-	-	-	-	1.267	-	-	**1.267**
Line 1D.8 Profit on sale of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	(0.004)	**(0.004)**
Line 1D.10 Net interest paid	-	-	-	-	-	-	-	-	-	-	-	-	(0.373)	**(0.373)**
Line 1D.14 Grants and Contributions	-	-	-	-	-	24.018	-	-	-	-	-	-	-	**24.018**
Line 1D.20 Net loans received	-	-	-	-	-	-	-	-	-	-	-	-	(3.048)	**(3.048)**
Total	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

Table 1E

Net debt analysis (appointed activities) at 31 March 2023

Line description	Units	DPs	Fixed rate	Floating rate	Index linked RPI	Index linked CPI/CPIH	Total	RAG 4 reference
Interest rate risk profile								
Borrowings (excluding preference shares)	£m	3	2,957.535	-249.856	3,446.910	256.964	6,411.553	1E.1
Preference share capital	£m	3	0.000				0.000	1E.2
Total borrowings	£m	3	2,957.535	-249.856	3,446.910	256.964	6,411.553	1E.3
Cash	£m	3					-253.870	1E.4
Short term deposits	£m	3					-40.000	1E.5
Net Debt	£m	3					6,117.683	1E.6
Gearing								
Gearing	%	3					70.201%	1E.7
Adjusted Gearing	%	3					72.340%	1E.8
Interest								
Full year equivalent nominal interest cost	£m	3	64.384	6.860	669.374	27.610	768.227	1E.9
Full year equivalent cash interest payment	£m	3	64.384	6.860	105.047	1.559	177.850	1E.10
Indicative interest rates								
Indicative weighted average nominal interest rate	%	3	2.177%	-2.746%	19.420%	10.745%	11.982%	1E.11
Indicative weighted average cash interest rate	%	3	2.177%	-2.746%	3.048%	0.607%	2.774%	1E.12
Time to maturity								
Weighted average years to maturity	nr	3	11.163	80.513	21.068	7.678	13.646	1E.13

Interest payable and interest receivable on our borrowings is on either a fixed rate, floating rate or inflation linked basis and the company manages the issuance of new debt to ensure that Yorkshire Water's debt maturity profile avoids repayment concentrations, meaning that we avoid the situation where large amounts of debt must be re-paid at the same time. This assists with the company's future refinancing requirements. Our debt has a weighted average years to maturity (line 1E.13) of approximately 14 years, which is consistent with the planned approach to the company's financing requirements.

All figures in Table 1E have been calculated in reference to 'RAG 4.10 – Guideline for the table definitions in the annual performance report'. Borrowings include all debt relevant to the regulated company even where this has been taken out by a financing subsidiary. Borrowings in 1E.1 include borrowings at a group level which are relevant to the regulated company including the accretion of index linked swaps and do not include any fair value adjustments or unamortised loan costs. This means, consistent with the prior year, there is a difference between borrowings reported in Table 1C and Table 1E and the table below provides a reconciliation of the difference.

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Reconciliation of borrowing amounts contained within table 1C (lines 15 & 22) to table 1E (line 1)	
Table 1C:	**£m**
1C.15 - Borrowings (Current liabilities)	(568.3)
1C.22 - Borrowings (Non-Current liabilities)	(5,516.1)
Table 1C - Borrowings	(6,084.4)
Adjustments:	
(i) Fair value adjustments of bonds held in subsidiary companies included in table 1C but not included in table 1E	(16.2)
(ii) Accretion of IL swaps not included in table 1C but included in table 1E.	(300.7)
(iii) The difference in the book value of internal loans that were exchanged. 1C includes the value reported in Yorkshire Water Services Limited and 1E includes the embedded value of the loans taken out by the financing subsidiary.	10.1
(iv) Unamortised issue costs are included in table 1C but not included in table 1E.	(20.3)
Total adjustments	(327.1)
Table 1E – Borrowings	**(6,411.5)**

1E.7: This contains Yorkshire Water's regulatory gearing, the calculation of which is "Net Debt" as provided in table 1E row 6, divided by the company's RCV as provided in **Table 4C** row 26.

Note: Covered by Finance so not covered by this assurance statement but included for completeness

1E.8: Adjusted gearing. This represents Yorkshire Water Senior RAR (the definition of which is contained within the terms of Yorkshire Water's Whole Business Securitisation structure).

Actual and forecast amounts of Yorkshire Water's Senior RAR are published twice a year within Compliance Certificates (which is required as part of the terms of Yorkshire Water's Whole Business Securitisation structure). These can be found within the 'Investor Centre' section of the Kelda Group website at **keldagroup.com**

1E.9-12: Contains the full year equivalent nominal and cash interest along with indicative weighted average interest rates.

An increase in market variable rates in the year has increased interest receivable on swaps to a greater extent than interest payable on floating rate debt, which in conjunction with debt repayment has led to an overall decrease in the net floating interest charge.

Retail price inflation has increased from 9.0% at 31 March 2022 to 13.5% at 31 March 2023, which is the primary cause of the year on year increase in the weighted average nominal interest rate of indexed linked debt.

1E.13: Weighted average years to maturity. The weighted average maturity has remained broadly consistent at 14 years.

The weighted average maturity of floating rate debt, 80.5 years has been distorted by the impact of negative balances of index linked swap receiving legs in the weighted average maturity calculation. A more realistic weighted average maturity for floating rate debt (excluding the impact of index linked swap receiving legs) would be 5.9 years.

Technical notes: Yorkshire Water and its financing subsidiaries raise debt finance from a number of sources including, amongst other areas, bank debt, bond debt and finance leases. Any borrowings raised by Yorkshire Water's financing subsidiaries are on-lent to Yorkshire Water, with Yorkshire Water paying interest to those subsidiaries on the same terms as the financing subsidiaries have borrowed at. This is illustrated in the diagram below.

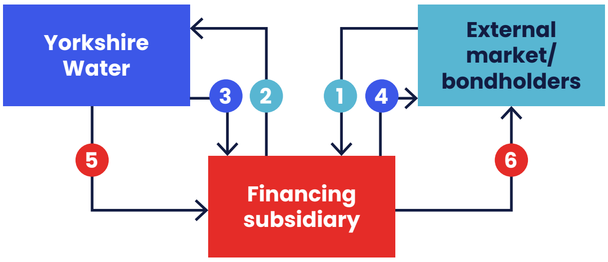

Illustration of borrowing by Yorkshire Water finance subsidiary and on-lending to Yorkshire Water

A. Debt raised

1. Financing subsidiary raises £100m fixed rate bond from the external market with a coupon payable of 5.0% per annum with a maturity of 10 years.
2. Financing subsidiary lends the £100m debt raised to Yorkshire Water.

B. Annual interest payments

3. Yorkshire Water pays £5m interest to Financing subsidiary on an annual basis.
4. Financing subsidiary pays £5m interest to external bond holders on an annual basis.

C. Debt repaid

5. Yorkshire Water pays back £100m to Financing subsidiary on maturity date.
6. Financing subsidiary repays bond holders £100m on maturity date.

Table 1F (Yorkshire Water)

Financial flows for the 12 months ended 31 March 2023 and for the price review to date

			12 months ended 31 March 2023						Average 2020-2025						
Line description			Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity	RAG 4 reference
Units			%			£m			%			£m			
DPs			2			3			2			3			
Regulatory equity															
Regulatory equity	£m	3	2841.566	2841.566	2282.465				2737.687	2737.687	1887.405				1F.1
Return on regulatory equity															
Return on regulatory equity	See Column Heading		4.39%	3.53%	4.39%	124.745	100.200	100.200	4.37%	3.01%	4.37%	119.637	82.480	82.480	1F.2
Financing															
Impact of movement from notional gearing	See Column Heading			0.86%	0.54%		24.545	12.340		1.36%	0.81%		37.157	18.563	1F.3
Gearing benefits sharing	See Column Heading			0.00%	0.00%		0.000	0.000		0.00%	0.00%		0.000	0.000	1F.4
Variance in corporation tax	See Column Heading			2.03%	2.53%		57.775	57.775		1.07%	1.33%		30.407	30.407	1F.5
Group relief	See Column Heading			0.00%	0.00%		0.000	0.000		0.00%	0.00%		0.000	0.000	1F.6
Cost of debt	See Column Heading			6.18%	8.70%		175.581	198.612		2.35%	3.34%		66.720	76.124	1F.7
Hedging instruments	See Column Heading			-6.61%	-9.31%		-187.849	-212.490		-3.32%	-4.78%		-94.214	-109.102	1F.8
Return on regulatory equity including Financing adjustments	See Column Heading		4.39%	5.99%	6.85%	124.745	170.252	156.437	4.37%	4.47%	5.07%	119.637	122.550	98.472	1F.9

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 1F (Yorkshire Water) – Continued

Financial flows for the 12 months ended 31 March 2023 and for the price review to date

		12 months ended 31 March 2023						Average 2020–2025						
Line description		Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity	RAG 4 reference
	Units	%			£m			%			£m			
	DPs	2			3			2			3			
Operational Performance														
Totex out/(under) performance	See Column Heading		-1.52%	-1.89%		-43.138	-43.138		-1.28%	-1.59%		-36.399	-36.399	1F.10
ODI out/(under) performance	See Column Heading		-0.68%	-0.85%		-19.460	-19.460		-0.42%	-0.52%		-11.830	-11.830	1F.11
C-MeX out/(under) performance	See Column Heading		0.00%	0.00%		-0.014	-0.014		0.01%	0.01%		0.226	0.226	1F.12
D-MeX out/(under) performance	See Column Heading		-0.12%	-0.15%		-3.398	-3.398		-0.11%	-0.14%		-3.141	-3.141	1F.13
Retail out/(under) performance	See Column Heading		-0.19%	-0.24%		-5.415	-5.415		-0.49%	-0.61%		-14.031	-14.031	1F.14
Other exceptional items	See Column Heading		0.07%	0.09%		1.994	1.994		0.05%	0.06%		1.397	1.397	1F.15
Operational performance total	See Column Heading		-2.44%	-3.04%		-69.431	-69.431		-2.24%	-2.79%		-63.778	-63.778	1F.16
RoRE (return on regulatory equity)	See Column Heading	4.39%	3.55%	3.81%	124.745	100.821	87.006	4.37%	2.23%	2.28%	119.637	58.772	34.694	1F.17
RCV growth	See Column Heading	11.91%	11.91%	11.91%	338.431	338.431	271.842	6.89%	6.89%	6.89%	188.627	188.627	130.042	1F.18
Voluntary sharing arrangements	See Column Heading		-0.06%	-0.08%		-1.843	-1.843		-0.08%	-0.12%		-2.324	-2.324	1F.19

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 1F (Yorkshire Water) – Continued

Financial flows for the 12 months ended 31 March 2023 and for the price review to date

Line description		12 months ended 31 March 2023						Average 2020-2025						
		Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity	Notional returns and notional regulatory equity	Actual returns and notional regulatory equity	Actual returns and actual regulatory equity	RAG 4 reference
	Units	%			£m			%			£m			
	DPs	2			3			2			3			
Total shareholder return	See Column Heading	16.30%	15.39%	15.64%	463.175	437.408	357.005	11.26%	9.03%	9.04%	308.264	245.075	162.412	1F.20
Dividends														
Gross Dividend	See Column Heading	3.18%	1.86%	2.31%	90.362	52.780	52.780	3.18%	1.78%	2.58%	87.058	48.719	48.719	1F.21
Interest Receivable on Intercompany loans	See Column Heading		-0.66%	-0.82%		-18.671	-18.671		-0.97%	-1.40%		-26.428	-26.428	1F.22
Retained Value	See Column Heading	13.12%	14.19%	14.15%	372.813	403.299	322.896	8.08%	8.22%	7.86%	221.205	222.784	140.121	1F.23
Cash impact of 2015-2020 performance adjustments														
Totex out/under performance	See Column Heading		0.02%	0.02%		0.528	0.528		0.02%	0.03%		0.528	0.528	1F.24
ODI out/under performance	See Column Heading		0.66%	0.82%		18.809	18.809		0.69%	1.00%		18.809	18.809	1F.25
Total out/under performance	See Column Heading		0.68%	0.85%		19.337	19.337		0.71%	1.02%		19.337	19.337	1F.26

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 1F has been developed by Ofwat to improve financial transparency. It aims to enable a comparison between actual financial flows to the company's investors under the actual capital structures which companies have adopted, and what they would have been under the notional structure Ofwat have used for setting the prices that customers pay.

Within our APR submissions for 2020/2021 and 2021/2022 we included 2 versions of table 1F, with commentary to explain the areas of calculation which we were in discussion with Ofwat. At the request of Ofwat we have not included a second version of table 1F within this APR, however we have included in the commentary below areas where we believe the current presentation of data may be misleading and would like to continue discussions with Ofwat.

Returns are elevated this year primarily as a result of the high inflation experienced during the year, with the current calculation methodology resulting in potential overstatement or potentially double counting the impacts of inflation within lines 1F.5-8.

Return on regulatory equity (1F.1-2)

1F.1: The notional equity was provided by Ofwat, the actual equity was calculated in line with the guidance from Ofwat.

1F.2: This value was provided by Ofwat and is the adjusted return on regulated equity as calculated in the FD19 financial model for the current year.

The base return on equity is 4.39%, regardless of the level of gearing; therefore we disagree with the presentation of an actual return on a notional basis of 3.52%. As noted below we believe the 0.86% gearing return should be included within the base return on equity, as it is stated on a notional equity basis and hence there is no movement in relation to notional gearing.

Financing (1F.3-9)

1F.3: We have queried with Ofwat the inclusion of this line as a separate delta from the base return on equity in line 1F.2.

We feel that this does not align with the conclusion of the CMA PR19 appeal that total returns should be broadly unaffected by gearing. [ref = para 9.1212-9.1216 of CMA final report].

We have also queried the use of this line within the "Actual returns and notional regulatory equity" column as this scenario is based on the notional gearing level and therefore should have no value in this line.

1F.4: This is a zero value as the Gearing Outperformance Sharing Mechanism (GOSM) does not apply to YW as per the CMA FD.

1F.5: This is calculated in line with Ofwat guidance, however we believe the calculation overstates the actual flows arising from taxation, as during the financial year we have received a tax allowance of £1.5m within revenue and have paid no corporation tax.

The calculated return of 2.03% arises due to the following factors, which we believe require further consideration as they relate to timing differences which will ultimately be passed to customers and are not a benefit to shareholders:

- Utilisation of deferred capital allowances - this is a timing impact and not a benefit to shareholders. Customers will benefit from these deferred allowances in the future when tax allowances are recalculated from the beginning of the next AMP.
- Tax losses being incurred in the year as a result of the high debt indexation costs - this is a timing impact and not a benefit to shareholders. Customers will benefit from these losses in the future as they will be carried forward into the next price review.
- The impact of fair value movements that are disregarded due to starting from a PBT before fair value adjustments rather than the actual PBT as used within the tax computation – these movements are utilised by the Company ahead of capital allowances to efficiently manage its current and future tax charge to the benefit of our customers.

1F.6: Within the current year we disclaimed group relief from 2021/2022, however this has still resulted in a zero value, as from 2017/2018 all losses surrendered to YW by other group companies have been paid for in full at the current rate of corporation tax, so there is no financial benefit shown within the table.

1F.7: The cost of debt impact (excluding hedging instruments) has been calculated in line with Ofwat guidance; however we believe the calculation overstates the actual flows arising from the cost of debt, as the methodology has an inflation mismatch that compares actual fixed debt costs adjusted for current inflation rates versus a notional allowance calculated using long term forecast inflation rates. Markets price debt based on long term inflation forecasts, rather than current inflation data; therefore the reported return does not accurately reflect the true level of cost of debt performance.

We have also highlighted in previous APR submissions that we believe there to be a further inconsistency in the calculation, as the comparison to a CPIH cost of debt is inconsistent with the RPI/CPIH weighted return on equity.

1F.8: We have assessed the impact of our hedging instruments on our overall cost of debt. In the current year we have calculated that our hedging instruments have increased our overall nominal interest rate by 4.41%.

The impact of our hedging instruments on reported nominal interest rates is heavily impacted by the high inflation experienced in the year, as the majority of our hedging instruments are index-linked.

Operational Performance (1F.10-22)

1F.10: This is taken from **Table 4C** line 21 and deflated to 2017/2018 CPIH average prices.

1F.11: This is the ODI net penalty as reported within the ODI performance model.

1F.12: As per the Ofwat guidance we have included the value for our 2021/2022 C-MeX performance. This was provided within the "Financial-Flows-Data-Source-new-2022-23" published by Ofwat.

1F.13: As per the Ofwat guidance we have included the value for our 2021/2022 D-MeX performance. This was provided within the "Financial-Flows-Data-Source-new-2022-23" published by Ofwat.

1F.14: This has been calculated by comparing the adjusted allowance for retail operating costs, household and the actual costs as reported in **Table "2C** –Operating cost analysis –retail" and then the variance has been deflated to 2017/2018 CPIH average prices.

1F.15: We have included a 50% share of the proceeds of land sales as reported in **Table 2L**. This has been deflated to 2017/2018 CPIH average prices.

1F.17: This is a calculated line (sum of lines 1F.9 and 1F.16) and is reported in line 4H.5.

1F.18: The data here is provided by Ofwat.

1F.19: We have included £3.8m revenue sacrifice as reported within our household retail **Table 2F**, this £3.8m is used to support customers on our social tariff WaterSupport, this has been deflated to 2017/2018 CPIH average prices.

Dividends (1F.21-23)

1F.21: The notional dividend of 3.18% was provided by Ofwat.

We have included the actual gross dividends that were paid from the appointed company within the relevant years. This has been deflated to 2017/2018 CPIH average prices.

1F.22: We have included the value of interest that the appointed company receives in the year on inter-company loans, less amounts paid in group relief to reflect the amount of dividends paid from the appointed company to fund inter-company interest paid back to the appointed company.

This has been deflated to 2017/2018 CPIH average prices.

Cash impact of 2015-2020 performance adjustments

1F.24-26: As per published financial flows data.

Statement on RoRE

The calculation for Return on Regulatory Equity (RoRE) is undertaken in **Table 1F**. The value is taken from line 1F.17,

Within our APR submissions for 2020/2021 and 2021/2022 we included 2 versions of table 1F, with commentary to explain the areas of calculation which we were in discussion with Ofwat. At the request of Ofwat we have not included a second version of **Table 1F** within this APR, however we have included in the commentary below areas where we believe the current presentation of data may be misleading and would like to continue discussions with Ofwat.

Returns are elevated this year primarily as a result of the high inflation experienced during the year, with the current calculation methodology resulting in potential overstatement or potentially double counting the impacts of inflation within lines 1F.5-8.

		Actual returns and notional	
		31-Mar 2023	**Average AMP7**
1F.2	**Return on regulatory equity**	**3.52%**	**3.01%**
1F.3	Impact of moving from notional gearing	0.86%	1.36%
1F.4	Gearing benefits sharing	-	-
1F.5	Variance in corporation tax	2.03%	1.07%
1F.6	Group relief	-	-
1F.7	Cost of debt	6.18%	2.35%
1F.8	Hedging instruments	(6.61%)	(3.32%)
1F.9	**Financing adjustment total**	**2.46%**	**1.46%**
1F.10	Totex out/(under) performance	(1.52%)	(1.28%)
1F.11	ODI out/(under) performance	(0.68%)	(0.42%)
1F.12	C-MeX out/(under) performance	(0.00%)	0.01%
1F.13	D-MeX out/(under) performance	(0.12%)	(0.11%)
1F.14	Retail out/(under) performance	(0.19%)	(0.49%)
1F.15	Other exceptional items	0.07%	0.05%
1F.16	**Operational performance total**	**(2.44%)**	**(2.24%)**
1F.17	**RoRE (return on regulatory equity)**	**3.55%**	**2.23%**

Table 2: Price review and other segmental reporting

Introduction

The information in this section details 'Price review and other segmental reporting' as required by Ofwat, with a brief description of significant variances compared to previous years. The information in this section comprises the following tables.

Table 2A
Segmental income statement for the 12 months ended 31 March 2023

Line description	Units	DPs	Residential retail	Business retail	Water resources	Water Network Plus	Wastewater Network Plus	Bioresources	Additional Control	Total	RAG 4 reference
Revenue – price control	£m	3	65.990	0.532	71.022	414.296	509.539	80.727	0.000	1,142.106	2A.1
Revenue – non price control	£m	3	0.000	0.000	0.437	0.710	0.085	0.000	0.000	1.232	2A.2
Operating expenditure – excluding PU recharge impact	£m	3	-62.388	0.000	-41.742	-258.970	-189.894	-31.645	0.000	-584.639	2A.3
PU Opex recharge	£m	3	-3.057	0.000	-0.970	-15.733	21.737	-1.977	0.000	0.000	2A.4
Operating expenditure – including PU recharge impact	£m	3	-65.445	0.000	-42.712	-274.703	-168.157	-33.622	0.000	-584.639	2A.5
Depreciation – tangible fixed assets	£m	3	-3.135	0.000	-11.119	-123.301	-148.268	-19.522	0.000	-305.345	2A.6
Amortisation – intangible fixed assets	£m	3	-2.609	0.000	-0.299	-2.588	-27.744	-0.019	0.000	-33.259	2A.7
Other operating income	£m	3	0.000	0.000	0.046	0.525	6.539	0.000	0.000	7.110	2A.8
Operating profit	£m	3	-5.199	0.532	17.375	14.939	171.994	27.564	0.000	227.205	2A.9
Surface water drainage rebates											
Surface water drainage rebates	£m	3								0.445	2A.10

Segmental income statement

Table 2A is a summary table showing retail and wholesale revenue and expenditure, including any recharges associated with principal use of assets. Further information can be found in the tables and commentary below.

Key
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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Principal use recharge

We have followed the same principles as in 2021/2022 in relation to principal use recharge.

Assets have been allocated to price controls in line with the principal use rules in RAG 2 and RAG 4. Where assets are used by more than one price control, they have been allocated to the most relevant price control. In particular, assets used by all price controls within the wholesale and retail businesses such as information technology, general offices, stores/depots, are allocated to wastewater Network Plus in **Table 2D** and **2O** with the depreciation or amortisation recharged across price controls using Full Time Equivalent (FTE) headcount. This is aligned with the approach in previous years.

In 2021/2022 the principal use recharge impact for wholesale was presented within depreciation and amortisation in Table 2A. After clarification of the RAGs from Ofwat we have changed this approach for 2022/2023 and the principal use recharge impact for wholesale is reported within the PU Opex recharge on Table 2A and is included within the relevant lines in **Table 4D**, **4E**, **4J** and **4K**.

Further information can be found in our Accounting Separation Methodology statement, which can be viewed on our reports webpage here: **yorkshirewater.com/reports/**

Other operating income

Other operating income of £7.1m (2021/2022: £12.3m) relates to land sales including £4.6m relating to sale of land at our Knostrop Wastewater Treatment site, and a further £1.7m of profit share from the sale of land at Caldervale, plus £0.8m of other smaller transactions.

Surface water drainage rebates (£0.4m) are largely in line with 2021/2022.

Technical notes

As per the information notice (IN22/01), the provision in relation to the innovation fund in 2022/2023 has been reversed with no corresponding adjustment to revenue.

An accounting policy note for price control units

The Annual Performance Report (APR) tables that contain the regulatory accounts have been prepared in accordance with FRS102, except where Ofwat requires a deviation as per RAG 1.09 – Principles and guidelines for regulatory reporting under the 'new UK GAAP' regime. Details of all significant accounting policies are detailed with Yorkshire Water's Annual Report and Financial Statements which can be found on our reports webpage here:
yorkshirewater.com/about-us/reports/

The regulatory accounts have been prepared in accordance with RAG2 – Guideline for classification of costs across the price controls. This is to ensure the costs that are reported by the price control segments are consistent, non-discriminatory and transparent.

Our Accounting Separation Methodology Statement explains the following:

- The methodology to meet the requirements of RAG2 (Guideline for classification of costs across the price controls).
- The governance in place over the process.
- A summary for the basis of the allocation of operating costs and assets.
- Any major changes in the year.

Our Accounting Separation Methodology Statement can be found on our reports webpage here:
yorkshirewater.com/about-us/reports/

Note on revenue recognition

The difference between statutory and regulatory policy on revenue recognition is explained within Table 1 commentary.

Yorkshire Water Charges Scheme permits that all connected household properties (water, sewerage or both) are chargeable and the occupier is responsible for paying the bill. The occupier is defined more widely than physical occupation and includes those persons exercising control over premises (e.g. the legal owner or leaseholder). Where an 'occupier' for a property cannot be identified, no charges will be raised. Therefore, there is no turnover recognised for unoccupied properties. Yorkshire Water endeavours to trace the occupiers of properties in order to raise charges that are payable. Charges may be cancelled, or not raised in the first place, where a customer's circumstances indicate this is appropriate. See below

Water and sewerage charges fall into the following three categories:

Category Business Rule applied

Charges payable in full

- All household (domestic) properties connected for water or waste services or both.
- This includes second homes, holiday homes and properties under renovation.

Charges payable in part

- Metered standing charges, payable on metered properties which are still connected.
- Sewerage unmetered tariff, payable on unmetered, occupied properties where the water supply is disconnected but sewerage connection is still provided.
- Surface water and highway drainage, payable on occupied properties where the water supply is disconnected.

Chargeable but not billed because the occupier cannot be identified (void properties)

No turnover is recognised in respect of properties which are empty and the owner/occupier cannot be identified. Speculative billing in the name of the 'occupier' is not followed. Where the occupier of a property has been identified, charges may not be raised where:

- The occupier/previous occupier is deceased (and there is no executor)
- The company has been informed that the sole occupier has left the property and it is not expected to be reoccupied immediately (e.g. the customer is in a care home, long-term hospitalisation, in prison, temporarily relocated due to a flood).
- The property has been repossessed or subject to a bankruptcy order

Voids Management Process

Yorkshire Water has a robust process to determine whether a property is occupied and therefore whether charges are due. The occupier is any person who exercises control over a property and is under a duty of care in respect of visitors. The void property management process is followed to identify whether the property occupier can be identified and charged. Yorkshire Water adopts a risk-based approach to its void property management to ensure the process is cost effective, whilst maintaining a fair billing position with regards to customers individual circumstances. The property management process, therefore, uses several different tools to manage empty properties including customer telephone contact, mailings, meter readings, residency checks using credit reference agencies and physical inspections. If the property management process cannot identify an occupier to be charged, the property will remain unoccupied in our billing file and the property will be counted in our Void Property numbers.

New properties

All new properties are metered. Charges accrue from the date at which the meter is installed. The developer is billed between the date of connection and first occupancy and this is recognised as turnover. If the developer is no longer responsible for the property and no new occupier has been identified, the property management process referred to above is followed to identify the new occupier. Until the new occupier has been identified the property is treated as unoccupied and is not billed.

Measured Accrual

Measured income of £703.3m (2021/2022: £672.0m)has been billed (in arrears) to customers in the year.

The measured income accrual of £77.0m (2021/2022: £77.7m) is an estimation of the amount of water and wastewater charges un-billed at the year end. Key points to consider around this accrual are as follows:

- The accrual calculation is system generated based algorithms. The system methodology uses historical water consumption and tariff data at a customer account level. For high billing value accounts, additional manual adjustments are made where the latest customer intelligence and billing data varies from the system generated calculations.
- Each year following the year end, a review of the actual amount billed against the accrual is conducted to examine the accuracy of the measured accrual. For 2021/2022 the review indicated an overestimation of the measured accrual of £3.1m (2020/2021 £0.5m underestimation).

A consistent approach has been taken in this area.

Table 2B
Totex analysis for the 12 months ended 31 March 2023 – wholesale

Line description	Units	DPs	Water resources	Water Network Plus	Waste-water Network Plus	Bioresources	Additional Control	Total	RAG 4 reference
Base operating expenditure									
Power	£m	3	5.215	57.452	55.221	-7.313	0.000	110.575	2B.1
Income treated as negative expenditure	£m	3	0.000	0.000	0.000	-1.771	0.000	-1.771	2B.2
Service charges/ discharge consents	£m	3	10.229	0.251	6.292	0.214	0.000	16.986	2B.3
Bulk Supply/Bulk discharge	£m	3	4.082	0.000	0.000	0.000	0.000	4.082	2B.4
Renewals expensed in year (Infrastructure)	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	2B.5
Renewals expensed in year (Non-Infrastructure)	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	2B.6
Other operating expenditure (including Location specific costs & obligations)	£m	3	15.265	182.584	90.907	41.204	0.000	329.960	2B.7
Local authority and Cumulo rates	£m	3	7.921	33.099	15.383	1.288	0.000	57.691	2B.8
Total base operating expenditure	£m	3	42.712	273.386	167.803	33.622	0.000	517.523	2B.9
Other operating expenditure									
Enhancement operating expenditure	£m	3	0.000	0.000	0.354	0.000	0.000	0.354	2B.10
Developer services operating expenditure	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	2B.11
Total operating expenditure excluding third party services	£m	3	42.712	273.386	168.157	33.622	0.000	517.877	2B.12
Third party services	£m	3	0.000	1.317	0.000	0.000	0.000	1.317	2B.13
Total operating expenditure	£m	3	42.712	274.703	168.157	33.622	0.000	519.194	2B.14
Grants and contributions									
Grants and contributions – operating expenditure	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	2B.15

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Table 2B – Continued

Totex analysis for the 12 months ended 31 March 2023 - wholesale

Line description	Units	DPs	Water resources	Water Network Plus	Waste-water Network Plus	Bioresources	Additional Control	Total	RAG 4 reference
Capital expenditure									
Base capital expenditure	£m	3	24.494	125.845	170.606	18.995	0.000	339.940	2B.16
Enhancement capital expenditure	£m	3	7.952	41.913	106.061	1.665	0.000	157.591	2B.17
Developer services capital expenditure	£m	3	0.000	27.018	5.898	0.000	0.000	32.916	2B.18
Total gross capital expenditure excluding third party services	£m	3	32.446	194.776	282.565	20.660	0.000	530.447	2B.19
Third party services	£m	3	0.000	1.683	0.002	0.000	0.000	1.685	2B.20
Total gross capital expenditure	£m	3	32.446	196.459	282.567	20.660	0.000	532.132	2B.21
Grants and contributions									
Grants and contributions - capital expenditure	£m	3	0.000	17.266	8.661	0.000	0.000	25.927	2B.22
Net totex	£m	3	75.158	453.896	442.063	54.282	0.000	1,025.399	2B.23
Cash expenditure									
Pension deficit recovery payments	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	2B.24
Other cash items	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	2B.25
Totex including cash items	£m	3	75.158	453.896	442.063	54.282	0.000	1,025.399	2B.26

Totex analysis – wholesale

This table breaks down wholesale totex expenditure into the price controls in accordance with the regulatory accounting guidelines specified by Ofwat. This is an aggregation of the information held in Tables 4D and 4E (these tables are supported by specific commentary for both Opex and Capex).

Operating expenditure

More information on year on year variances can be found in our Accounting Separation Methodology statement, which can be viewed on our reports webpage here:
yorkshirewater.com/reports/

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Summary

Underlying operational performance has been strong in 2022/2023 as we set ourselves stretching operational targets across a number of performance commitments in AMP7. To meet these targets, we made improvements to the operational business. Our overall base operating costs have increased in 2022/2023 for the following reasons:

- This financial year we experienced the first drought in Yorkshire for more than 25 years. As a result of the drought, Yorkshire Water responded through increased pumping of raw and treated water around the region. We increased our focus on reducing leakage to protect resources, which was made more difficult by the dry weather leading to ground movement which damaged pipes. This contributed to atypical expenditure related to the drought of c£25m.
- Environment Agency's (EA) Water Resource consultation and Strategic Review of Charges for abstraction has resulted in Yorkshire Water incurring abstraction charges at the revised rates in 2022/2023, increasing our annual fee from £5.0m to £9.6m.
- In 2022/2023 energy and chemical inflation has significantly impacted operating costs:
  - Energy prices continued to increase throughout the year with unhedged energy exposed to the volatile energy market pricing. Yorkshire Water continues to manage this price risk by following our energy purchasing policy by hedging and making trades according to carefully governed price targets. By the end of this financial year, Yorkshire Water had fixed over 77% of its forecasted power requirements for the remainder of AMP7, including 98% for 2023/2024.
  - As a result of increased fuel, energy and raw material prices we have seen significant market pressures in the chemical supply chain. This has resulted in accelerated price increases from suppliers being passed through.
- We continue to incur costs in relation to the transformation programme which commenced in 2020/2021. Across the business we identified efficiencies which will enable a step change in operational performance over the AMP to meet our stretching FD. In 2022/2023 Yorkshire Water incurred atypical severance costs as a result.

Further explanation of significant base operating expenditure movements for each of the four price controls (water resources, water Network Plus, wastewater Network Plus and bioresources) are detailed below, together with technical notes.

After clarification from Ofwat, principal use recharge is now reported within our base operating expenditure. As this was reported within depreciation for 2021/2022 this distorts the true operational variances for the four price controls. Therefore, we have written the commentary excluding the principal use recharge to provide a more meaningful and consistent commentary to our stakeholders.

Whilst we have incurred £nil enhancement operating expenditure for the water price control and minimal enhancement operating expenditure for wastewater, we expect these costs to increase as we continue to progress through AMP7.

Water Resources

The year on year increase in water resources of £10.5m (33.8%) is primarily due to an EA Abstraction Licence increase of £4.6m, £3.4m atypical drought related costs and £2.0m increased energy costs as a result of the additional energy consumption which was unhedged therefore, attracting the high volatile day ahead prices.

The atypical drought costs include £2.0m hired and contracted service costs to address a specific risk in the Worth Valley which experienced very low reservoir levels and required significant operational changes. A temporary reconfiguration of our network was put in place to support reservoir stocks. This allowed Yorkshire Water to pump raw water from an alternative reservoir (Walshaw Dean Upper reservoir in the Hebden group) and transferring into Ponden reservoir in the Worth Valley.

Due to increased activities in this price control for 2022/2023, allocation of wages and salaries to this price control increased, contributing to the year on year increase.

Water Network Plus

The year on year increase in Water Network Plus of £30.9m (13.6%) is primarily due to the atypical expenditure related to the drought and dry weather recovery of £21.9m and supply chain inflationary pressures, particularly impacting chemical costs by £12.0m.

The following activities and resources were required in order for Yorkshire Water to enact our drought plan and recover from the extended period of dry weather we experienced this financial year, resulting in atypical expenditure of £21.9m:

- £13.7m additional energy costs related to increased pumping of both raw and treated water;
- Focus on targeted leakage reduction and reactive work volumes impacted by the prolonged dry summer period which caused challenging operational conditions, particularly influenced by increased ground movement caused by the drier than average ground (soil moisture deficit). This led to additional costs of £4.8m relating to repairs and maintenance.
- An additional £1.9m of operational costs for onsite activities to ensure treatment works continued to operate effectively in extreme heat and cope with the surge in demand, ensuring continuity of supply; and
- To mitigate business impact and implement the drought plan, there has been an increase in requirements and responsibilities for many individuals and teams including strategic treatment works being manned for 24 hours a day during the periods of highest demand. This increased costs in this price control by £1.2m.

Chemical prices have increased significantly to cover soaring energy, fuel and raw material prices. This has resulted in accelerated price increases from suppliers being passed through, increasing chemical spend by £12.0m for this price control alone.

As a result of increased fuel, energy and raw material prices combined with decreased market availability of raw materials we have also seen considerable inflationary pressures across the rest of the supply chain.

The water price control continues to incur costs in relation to the transformation programme as mentioned above.

Wastewater Network Plus

The year on year increase in Waste Network Plus of £5.6m (13.6%) is primarily due to continuous rises in commodity prices, particularly within the chemical and energy markets.

Sewage collection

The year on year decrease in Sewage Collection of £3.2m (4.1%) is primarily due to reduced hired and contracted spend as a result of pausing our annual programme of proactive sewer desilts.

Above inflation increases in electricity unit costs resulted in additional energy costs of £1.3m in 2022/2023. This has been offset by a number of smaller favourable variances as a result of controlling discretionary spend, improved productivity of front-line teams and reduced spend from support services.

Sewage treatment

The year on year increase in Sewage Treatment of £8.8m (8.3%) is predominantly due to the continuous rises in commodity prices throughout 2022/2023.

Energy consumption decreased again in 2022/2023 due to the drought conditions in the summer months resulting in a 25% reduction in flows. In addition, February 2023 was the driest month since 1993, resulting in a significant reduction in energy consumption when compared to February 2021/2022 when we experienced six storm events which required additional pumping of flows.

Chemical prices have increased significantly to cover soaring energy, fuel and raw material prices. This has resulted in accelerated price increases from suppliers being passed through, impacting the costs of our sewage treatment process.

Strong treatment works compliance has continued in 2022/2023, keeping associated costs related to the number of 'at risk' and 'high risk' works to a minimum.

Trade Effluent maintained zero consented traders impacting our Sewage Treatment Works (STW) compliance, eliminating mitigation costs seen at the start of the AMP period.

Bioresources

The year on year increase in Bioresources £3.2m (11.3%) is primarily due to chemical prices significantly increasing impacting the costs of our sludge treatment processes.

Chemical prices have increased significantly to cover soaring energy, fuel and raw material prices. This has resulted in accelerated price increases from suppliers being passed onto us. This price pressure has increased chemical spend by £3.5m for this price control alone, primarily related to the increase seen on Polyelectrolytes.

There has been an increase in hired and contracted costs for sludge transport due to the full year impact of outsourcing the sludge transport function to a contractor. Whilst this is more efficient on a totex basis due to no longer needing to replace the ageing sludge tankers which would have required significant capital expenditure, the new arrangement does result in increased annual operating costs.

This has been offset by improved generation performance due to sites such as Esholt, Dewsbury and Huddersfield coming online, resulting in less energy purchased.

The waste price control continues to incur costs in relation to the transformation programme as mentioned above.

Technical notes

As per the information notice (IN22/01) the provision in relation to the innovation fund in 2022/2023 has been excluded from operating expenditure with no corresponding adjustment to revenue.

Pension costs for 2021/2022 were reported in cash expenditure. However, as agreed at PR09 and reiterated in Information Note 13-17 at PR19, this was the final year of pension deficit payments to be funded by customers.

After clarification from Ofwat we now report the principal use recharge within base operating expenditure.

Note on capitalisation policy

Costs are capitalised following the company's capitalisation policy which states that capital expenditure includes:

- Acquisition of land and buildings.
- Expenditure of more than £1,000 on the construction, provision, purchase, replacement or improvement of other fixed assets or their major renewal. Where individual items each costing less than £3,000 are part of an approved project falling within this definition then the whole of the expenditure is to be capitalised, e.g. Initial furniture and equipment for newly constructed premises.
- Salaries, salaries on cost and associated costs of staff employed on capital works.

The cost of a tangible fixed asset comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use. Any other costs are treated as operating expenditure. Directly attributable costs are:

- The labour costs of Group employees arising directly from construction or acquisition of the tangible fixed asset.
- The incremental costs to the Group that would have been avoided only if the tangible fixed asset had not been constructed or acquired.

Administration and other general overhead costs are excluded from the cost of a tangible fixed asset.

Table 2C
Cost analysis for the 12 months ended 31 March 2023 – retail

Line description	Units	DPs	Residential	Business	Total	RAG 4 reference
Operating expenditure						
Customer services	£m	3	31.003	0.000	31.003	2C.1
Debt management	£m	3	3.805	0.000	3.805	2C.2
Doubtful debts	£m	3	21.721	0.000	21.721	2C.3
Meter reading	£m	3	1.474	0.000	1.474	2C.4
Services to developers	£m	3	0.000	0.000	0.000	2C.5
Other operating expenditure	£m	3	4.385	0.000	4.385	2C.6
Local authority and Cumulo rates	£m	3	0.000	0.000	0.000	2C.7
Total operating expenditure excluding third party services	£m	3	62.388	0.000	62.388	2C.8
Depreciation						
Depreciation (tangible fixed assets) on assets existing at 31 March 2015	£m	3	0.021	0.000	0.021	2C.9
Depreciation (tangible fixed assets) on assets acquired after 1 April 2015	£m	3	3.114	0.000	3.114	2C.10
Amortisation (intangible fixed assets) on assets existing at 31 March 2015	£m	3	0.000	0.000	0.000	2C.11
Amortisation (intangible fixed assets) on assets acquired after 1 April 2015	£m	3	2.609	0.000	2.609	2C.12
Recharges						
Recharge from wholesale for legacy assets principally used by wholesale (assets existing at 31 March 2015)	£m	3	0.059	0.000	0.059	2C.13
Income from wholesale for legacy assets principally used by retail (assets existing at 31 March 2015)	£m	3	0.000	0.000	0.000	2C.14
Recharge from wholesale assets acquired after 1 April 2015 principally used by wholesale	£m	3	2.998	0.000	2.998	2C.15
Income from wholesale assets acquired after 1 April 2015 principally used by retail	£m	3	0.000	0.000	0.000	2C.16
Net recharges costs	£m	3	3.057	0.000	3.057	2C.17
Total retail costs excluding third party and pension deficit repair costs	£m	3	71.189	0.000	71.189	2C.18
Third party services operating expenditure	£m	3	0.000	0.000	0.000	2C.19
Pension deficit repair costs	£m	3	0.000	0.000	0.000	2C.20
Total retail costs including third party and pension deficit repair costs	£m	3	71.189	0.000	71.189	2C.21
Debt written off						
Debt written off	£m	3	23.120	0.000	23.120	2C.22
Capital expenditure						
Capital expenditure	£m	3	9.791	0.000	9.791	2C.23

Key
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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 2C – Continued

Cost analysis for the 12 months ended 31 March 2023 - retail

Line description	Units	DPs	Residential	RAG 4 reference
Other operating expenditure includes the net retail expenditure for the following household retail activities which are part funded by wholesale				
Demand-side water efficiency - gross expenditure	£m	3	1.256	2C.24
Demand-side water efficiency - expenditure funded by wholesale	£m	3	1.256	2C.25
Demand-side water efficiency - net retail expenditure	£m	3	0.000	2C.26
Customer-side leak repairs - gross expenditure	£m	3	7.625	2C.27
Customer-side leak repairs - expenditure funded by wholesale	£m	3	7.625	2C.28
Customer-side leak repairs - net retail expenditure	£m	3	0.000	2C.29
Comparison of actual and allowed expenditure				
Cumulative actual retail expenditure to reporting year end	£m	3	236.643	2C.30
Cumulative allowed expenditure to reporting year end	£m	3	190.300	2C.31
Total allowed expenditure 2020-2025	£m	3	321.800	2C.32

Cost Analysis – retail

Table 2C further breaks down the retail operating costs included in **Table 2A** into cost categories.

Household retail operating costs

The year on year decrease in Retail household (HH) is £18.1m (22.5%). Primarily due to c£13m reduction on Doubtful Debts and no pension deficit costs in 2022/2023.

A decrease in bad debt provisions reflects the cost of living crisis impacting vulnerable customers in 2022/2023 and future years. A management estimate for the 'cost of living' crisis of £10.5m was added in 2021/2022 at the early stages of the crisis to reflect the impact the extraordinary inflation and increased energy price caps would have on HH customers ability to pay other living expenses. The provision has unwound this year as we have seen an increased level of debt and arrears attributed to the 'cost of living' crisis during the current year. As a result, no further manual overlay for 'cost of living' was recognised in 2022/2023. This is the main driver behind the decrease in the provision and ultimately bad debt charge.

HH write offs have also increased in the year by c£0.5m. This is related to an increase in 'statute barred' write offs which we are obliged to write off.

There has been a significant reduction in wages and salary costs within HH retail. The primary reason for this is no pension deficit charge is included in the current year which has been slightly offset by increased salary allocations to this price control due to increased focus on customer side leaks to reduce leakage.

The above in part led to an increase in overhead costs where headcount is used as a cost driver.

Included within retail operating costs is £0.9m of atypical expenditure, due to severance costs relating to the transformation programme which commenced 2020/2021. This has identified efficiencies and will allow us to make a step change in operational performance over the AMP to meet our stretching FD.

Key

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Non-household retail operating costs

The non-household part of the business was disposed of during 2019/2020. For 2022/2023 there are £Nil costs for this price control which is a decrease of £0.4m compared to 2021/2022.

In 2021/2022 £0.4m related to Developer Services costs, and in 2022/2023 we no longer provide services via a Retailer intermediary and all costs should, therefore, be classified as wholesale resulting in no costs within non-household retail.

Technical notes

No pension costs are included within Retail Household operating expenditure in 2022/2023. As agreed at PR09 and reiterated in Information Note 13-17 at PR19, this was the final year of pension deficit payments to be funded by customers.

Note on bad debt policy

Debt is only written off after all available economic options for collecting the debt have been exhausted and the debt has been deemed to be uncollectable.

This may be because the debt is considered to be impossible, impractical, inefficient or uneconomic to collect. Debt may also be written off as part of the customer help schemes that Yorkshire Water offer.

Situations where this may arise and where debt may be written off are as follows:

- Where the customer has absconded without paying and strategies to trace their whereabouts and collect outstanding monies have been fully exhausted.
- Where the customer has died without leaving an estate or has left an insufficient estate on which to levy execution.
- Where the customer does not have any assets/has insufficient assets on which to levy execution.
- Where the age and/or value of the debt makes it uneconomic to pursue – all debts of less than £65 are written off.
- Where county court proceedings and attempts to recover the debt by debt collection agencies have proved unsuccessful.
- Where the customer has been declared bankrupt, is in liquidation or is subject to insolvency proceedings or a debt relief order and no dividend has been or is likely to be received.

Bad and doubtful debts provisions policy

The bad debt provision is charged to operating costs to reflect the company's assessment of the risk of non-recoverability of debtors. It is calculated by applying expected residual debt rates to debts outstanding at the end of the accounting period. These rates consider the age of the debt, write offs, payment history and type of debt.

The provision is built on a 'by customer' basis ageing all debt by customer against the oldest invoice date. It is calculated by applying expected residual debt rates to arrears outstanding at the end of the accounting period. The residual debt values are tracked over a period of 2 years and these rates are then applied to the debts outstanding at the end of the accounting period aged on a 'by customer' basis. A further predictive modelling ratio between 2 years and 5 years is applied to estimate the debt outstanding after 5 years which is provided for.

The bad and doubtful debts provisioning policy is applied to both unmeasured and measured accounts. A provision of £63.6m is held on 31 March 2023 (31 March 2022: £65.1m). The main elements of the provision are as follows:

- £35.3m unmeasured household debtor provision. Calculated using information based on the age of debts.
- £22.9m measured household debtor provision. Calculated using information based on the age of debts.
- £3.5m unbilled household measured accounts provision.

There has been a minor decrease in the household element of the bad debt provision in the year. The main driver for this decrease is the unwinding of the cost of living crisis provision recognised in FY2022 at the early stages of the crisis. No further cost of living crisis provision has been recognised in FY2023 above the main base provision this year as we have seen an increased level of debt, arrears and base provision attributed to the cost of living crisis.

As is the case with any accounting estimate, actual amounts recovered may differ from the estimated levels of recovery which would impact on operating results. The Yorkshire Water website contains details of Yorkshire Water's guide to debt recovery services.

Table 2D

Historic cost analysis of tangible fixed assets at 31 March 2023

Line description	Units	DPs	Residential Retail	Business Retail	Water resources	Water Network Plus	Wastewater Network Plus	Bioresources	Additional Control	Total	RAG 4 reference
Cost											
At 1 April 2022	£m	3	35.631	0.000	442.335	5,211.593	6,257.165	574.686	0.000	12,521.410	2D.1
Disposals	£m	3	-9.907	0.000	-4.798	-45.501	-89.912	-11.744	0.000	-161.862	2D.2
Additions	£m	3	0.095	0.000	26.959	166.378	255.514	17.223	0.000	466.169	2D.3
Adjustments	£m	3	0.000	0.000	-10.095	-182.565	-271.083	5.338	0.000	-458.405	2D.4
Assets adopted at nil cost	£m	3	0.000	0.000	0.000	0.000	28.131	0.000	0.000	28.131	2D.5
At 31 March 2023	£m	3	25.819	0.000	454.401	5,149.905	6,179.815	585.503	0.000	12,395.443	2D.6
Depreciation											
At 1 April 2022	£m	3	-28.346	0.000	-64.083	-1,724.215	-1,431.201	-183.530	0.000	-3,431.375	2D.7
Disposals	£m	3	9.839	0.000	4.781	45.230	89.613	11.710	0.000	161.173	2D.8
Adjustments	£m	3	0.000	0.000	0.505	8.200	-9.735	1.030	0.000	0.000	2D.9
Charge for year	£m	3	-3.135	0.000	-11.119	-123.301	-148.268	-19.522	0.000	-305.345	2D.10
At 31 March 2023	£m	3	-21.642	0.000	-69.916	-1,794.086	-1,499.591	-190.312	0.000	-3,575.547	2D.11
Net book amount at 31 March 2023	£m	3	4.177	0.000	384.485	3,355.819	4,680.224	395.191	0.000	8,819.896	2D.12
Net book amount at 1 April 2022	£m	3	7.285	0.000	378.252	3,487.378	4,825.964	391.156	0.000	9,090.035	2D.13
Depreciation charge for year											
Principal services	£m	3	-3.135	0.000	-11.119	-123.301	-148.268	-19.522	0.000	-305.345	2D.14
Third Party Services	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2D.15
Total	£m	3	-3.135	0.000	-11.119	-123.301	-148.268	-19.522	0.000	-305.345	2D.16

Key

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Historical cost analysis of tangible fixed assets – wholesale & retail

Table 2D analyses changes in the fixed assets of both wholesale and retail activities of Yorkshire Water.

Our accounting policies in relation to fixed assets and depreciation are set out in full in note 1 of the statutory Annual Report and Financial Statements which can be found on our reports page here: yorkshirewater.com/reports/

The table above details that the net book value of fixed assets at 31 March 2023 amounts to £8,819.9m, a decrease of £270.1m since the start of the year. This movement includes:

- Fixed asset additions during the year of £466.2m, which is increased from 2021/2022 (£412.2m) as the capital programme accelerates in the middle part of the AMP.
- Adjustments include a downward revaluation of £458.7m to infrastructure assets, along with a remeasurement of leased assets under IFRS16 of £0.3m. In addition, a review of assets held within wastewater Network Plus for the principal use recharge has been completed this year. This has resulted in some assets transferring to their appropriate price control so they are directly depreciated rather than being recharged from wastewater Network Plus.
- Assets adopted at nil cost are valued at £28.1m, an increase from 2021/2022 (£15.0m) due to a number of high-value sewer adoptions.
- The depreciation charge for the year is £305.3m. This is slightly higher than the previous year (£301.4m) but broadly in line with expectations.
- Disposals in the year total £0.7m, largely of assets with zero net book value, £0.6m of expired leases under accounting standard IFRS16 and £0.1m of vehicle disposals.

Technical notes

As noted in Table 1C, Yorkshire Water elects under FRS102 to hold infrastructure and land/property assets at valuation rather than historic cost. Due to a downward revaluation of £458.7m, there is a decrease in 2021/2022 in Table 2D.

RAG 1.09 requires all companies to account for leases in accordance with IFRS 16. This has resulted in Yorkshire Water recognising right of use assets within fixed assets and an additional depreciation charge on the right of use assets.

Table 2E

Analysis of 'grants and contributions' for the 12 months ended 31 March 2023 – water resources, water Network Plus and wastewater Network Plus

Line description	Units	DPs	Fully recognised in income statement	Capitalised and amortised (in income statement)	Fully netted off Capex	Total	RAG 4 reference
Grants and contributions – water resources							
Diversions – s185	£m	3	0.000	0.000	0.000	0.000	2E.1
Other contributions (price control)	£m	3	0.000	0.000	0.000	0.000	2E.2
Price control grants and contributions	£m	3	0.000	0.000	0.000	0.000	2E.3
Diversions – NRSWA	£m	3	0.000	0.000	0.000	0.000	2E.4
Diversions – other non-price control	£m	3	0.000	0.000	0.000	0.000	2E.5
Other contributions (non-price control)	£m	3	0.000	0.000	0.000	0.000	2E.6
Total grants and contributions	£m	3	0.000	0.000	0.000	0.000	2E.7
Value of adopted assets	£m	3	0.000	0.000		0.000	2E.8
Grants and contributions – water Network Plus							
Connection charges	£m	3	0.000	6.591	0.000	6.591	2E.9
Infrastructure charge receipts – new connections	£m	3	0.000	1.809	0.000	1.809	2E.10
Requisitioned mains	£m	3	0.000	4.638	0.000	4.638	2E.11
Diversions – s185	£m	3	0.000	1.960	0.000	1.960	2E.12
Other contributions (price control)	£m	3	0.000	0.048	0.000	0.048	2E.13
Price control grants and contributions before deduction of income offset	£m	3	0.000	15.046	0.000	15.046	2E.14
Income offset	£m	3	0.000	0.192	0.000	0.192	2E.15
Price control grants and contributions after deduction of income offset	£m	3	0.000	14.854	0.000	14.854	2E.16
Diversions – NRSWA	£m	3	0.000	1.143	0.000	1.143	2E.17
Diversions – other non-price control	£m	3	0.000	0.475	0.000	0.475	2E.18
Other contributions (non-price control)	£m	3	0.000	0.794	0.000	0.794	2E.19
Total grants and contributions	£m	3	0.000	17.266	0.000	17.266	2E.20
Value of adopted assets	£m	3	0.000	0.000		0.000	2E.21

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Table 2E – Continued

Analysis of 'grants and contributions' for the 12 months ended 31 March 2023 - water resources, water Network Plus and wastewater Network Plus

Line description	Units	DPs	Fully recognised in income statement	Capitalised and amortised (in income statement)	Fully netted off Capex	Total	RAG 4 reference
Grants and contributions - wastewater Network Plus							
Receipts for on-site work	£m	3	0.000	2.212	0.000	2.212	2E.22
Infrastructure charge receipts – new connections	£m	3	0.000	2.565	0.000	2.565	2E.23
Diversions - s185	£m	3	0.000	3.478	0.000	3.478	2E.24
Other contributions (price control)	£m	3	2.355	0.000	0.000	2.355	2E.25
Price control grants and contributions before deduction of income offset	£m	3	2.355	8.255	0.000	10.610	2E.26
Income offset	£m	3	0.000	0.000	0.000	0.000	2E.27
Price control grants and contributions after deduction of income offset	£m	3	2.355	8.255	0.000	10.610	2E.28
Diversions - NRSWA	£m	3	0.000	0.001	0.000	0.001	2E.29
Diversions - other non-price control	£m	3	0.000	0.000	0.000	0.000	2E.30
Other Contributions (non-price control)	£m	3	0.000	0.405	0.000	0.405	2E.31
Total grants and contributions	£m	3	2.355	8.661	0.000	11.016	2E.32
Value of adopted assets	£m	3	0.000	28.131		28.131	2E.33

Line description	Units	DPs	Water resources	Water Network Plus	Waste-water Network Plus	Total	RAG 4 reference
Movements in capitalised grants and contributions							
b/f	£m	3	0.000	201.359	306.120	507.479	2E.34
Capitalised in year	£m	3	0.000	17.266	8.661	25.927	2E.35
Amortisation (in income statement)	£m	3	0.000	-7.004	-6.283	-13.287	2E.36
c/f	£m	3	0.000	211.621	308.498	520.119	2E.37

Capital Expenditure

Income totalling £26m has been received in the current report year through grants and contributions against a Final Determination (FD) of £27m, £22m in the Capex allowance and £5m in Opex allowance.

Grants and contributions associated with the wholesale water programme in the current report year total £17m which is higher than the Final Determination of £15m. Further detail of the how this income is split is explained opposite:

A total of £6.6m has been received from developers for s45 new connections against a FD allowance of 7.2m. Water infrastructure charge receipts totalling £1.8m against a FD allowance of £1.3m. A total of £4.4m of income on requisitioned water mains, in comparison with FD allowance of £1.2m, has been received due to an increase in requests compared to the level of activity used to calculate the FD allowance.

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The remaining income on the water programme relates to income received due to requests to divert our water mains assets which totals £2m in the current report year against a FD allowance of £3.1m. There is also a total of £1.1m income associated with diverting our mains as part of a NRSWA (New Roads and Street Works Act 1991) requests, with the subsequent expenditure reported in **Table 4P**.

Detail of the associated expenditure reported in year can be found in the commentary for **Table 4N**.

Grants and contributions associated with the wholesale wastewater programme in the current report year total £8.7m which is lower than the Final Determination of £9.1mm. Further detail of the how this income is split is provided below:

A total of £2.2m is with regards to income on requisitioned sewers in comparison with FD allowance of £2.1m. Wastewater infrastructure charge receipts totalling £2.6m have been received in year which is lower than the FD allowance of £5.8m.

The remaining income on the wastewater programme relates to income received due to requests to divert our sewers which totals £3.5m in the current report year against a FD allowance £1.2m. We have also reported s104 income that we within the fully recognised in income statement category of £2.4m, this did not have a FD allowance.

There is also a total of £0.4m income associated with continued COVID-19 sampling at our wastewater treatment works.

Detail of the associated expenditure reported in year can be found in the commentary for **Table 4N** & **Table 4O**.

Table 2F
Residential retail for the 12 months ended 31 March 2023

Line description	Revenue	Number of customers	Average residential revenues	RAG 4 reference
Units	£m	000s	£	
DPs	3	3	3	
Residential revenue				
Wholesale revenue	827.132			2F.1
Retail revenue	65.990			2F.2
Total residential revenue	893.122			2F.3
Retail revenue				
Revenue Recovered ("RR")	65.990			2F.4
Revenue sacrifice	3.800			2F.5
Actual revenue (net)	69.790			2F.6
Customer information				
Actual customers ("AC")		2,274.731		2F.7
Reforecast customers		2,289.731		2F.8
Adjustment				
Allowed revenue ("R")	69.429			2F.9
Net adjustment	-0.361			2F.10
Other residential information				
Average household retail revenue per customer			30.681	2F.11

In 2022/2023 we have recovered £65.99m of household retail revenue.

We have included a total revenue sacrifice of £3.8m in the year.

The revenue sacrifice includes our annual £2m, which was agreed within our PR19 submission, and an additional £1.8m from the £15m of additional support which we announced in June 2022.

With the inclusion of the revenue sacrifice we have over recovered our allowance by £0.36m in the year.

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 2I

Revenue analysis for the 12 months ended 31 March 2023

Line description	Units	DPs	Household	Non- household	Total	Water resources	Water Network Plus	Total	RAG 4 reference
Wholesale charge – water									
Unmeasured	£m	3	188.937	1.211	190.148	30.572	159.576	190.148	2I.1
Measured	£m	3	177.970	115.669	293.639	40.450	253.189	293.639	2I.2
Third party revenue	£m	3	0.000	1.531	1.531	0.000	1.531	1.531	2I.3
Total wholesale water revenue	£m	3	366.907	118.411	485.318	71.022	414.296	485.318	2I.4
Line description	**Units**	**DPs**	**Household**	**Non- household**	**Total**	**Wastewater Network Plus**	**Bioresources**	**Total**	
Wholesale charge – wastewater									
Unmeasured - foul charges	£m	3	164.456	1.421	165.877	131.260	34.617	165.877	2I.5
Unmeasured - surface water charges	£m	3	36.499	1.556	38.055	36.771	1.284	38.055	2I.6
Unmeasured - highway drainage charges	£m	3	16.465	0.147	16.612	15.762	0.850	16.612	2I.7
Measured - foul charges	£m	3	179.420	107.231	286.651	245.230	41.421	286.651	2I.8
Measured - surface water charges	£m	3	45.690	11.991	57.681	55.601	2.080	57.681	2I.9
Measured - highway drainage charges	£m	3	17.695	6.424	24.119	23.644	0.475	24.119	2I.10
Third party revenue	£m	3	0.000	1.271	1.271	1.271	0.000	1.271	2I.11
Total wholesale wastewater revenue	£m	3	460.225	130.041	590.266	509.539	80.727	590.266	2I.12
Wholesale charge – Additional Control									
Unmeasured	£m	3	0.000	0.000	0.000				2I.13
Measured	£m	3	0.000	0.000	0.000				2I.14
Total wholesale additional control revenue	£m	3	0.000	0.000	0.000				2I.15
Wholesale Total	£m	3	827.132	248.452	1,075.584				2I.16
Retail revenue									
Unmeasured	£m	3	24.804	0.000	24.804				2I.17
Measured	£m	3	41.186	0.000	41.186				2I.18
Retail third party revenue	£m	3	0.000	0.532	0.532				2I.19
Total retail revenue	£m	3	65.990	0.532	66.522				2I.20

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 2I – Continued

Revenue analysis for the 12 months ended 31 March 2023

Line description	Units	DPs	Household	Non- household	Total	Wastewater Network Plus	Bioresources	Total	RAG 4 reference
Third party revenue - non-price control									
Bulk supplies - water	£m	3			0.437				2I.21
Bulk supplies - wastewater	£m	3			0.042				2I.22
Other third-party revenue - non price control	£m	3			0.710				2I.23
Principal services - non-price control									
Other appointed revenue	£m	3			0.043				2I.24
Total appointed revenue	£m	3			1,143.338				2I.25

Revenue Analysis

Appointed revenue has increased from £1,117.2m (2021/2022) to £1,143.3m in 2022/2023.

Total wholesale and retail revenue received from household customers for the year 2022/2023 was £893.1m, compared to £899.5m in 2021/2022, a decrease of £6.4m (0.7%). This decrease is mainly attributable to 5.8% decreased consumption due to consumption returning to pre pandemic levels partially offset by allowed inflationary increases. The increase in customer usage volumes for the dry summer has been negated by the impact of Temporary Use Bans.

- Household unmeasured income decreased by £5.9m to £431.2m (2021/2022: £437.1m)
- Household measured income decreased by £0.5m to £461.9m (2021/2022: £462.4m).

Total wholesale revenue received from non-household customers increased by £31.3m to £248.5m in 2022/2023 (2021/2022: £215.7m), mainly due to price and settlement re-runs. Unlike the HH movement, Non Household is not materially affected by Temporary Use Bans.

- Non household wholesale measured income increased by £30.4m to £241.3m (2021/2022: £210.9m)
- Non household wholesale unmeasured income increased by £0.9m to £4.3m (2021/2022: £3.4m).

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 2J

Infrastructure network reinforcement costs for the 12 months ended 31 March 2023

Line description	Units	DPs	Network reinforcement Capex	On site/site specific Capex (memo only)	RAG 4 reference
Wholesale water Network Plus (treated water distribution)					
Distribution and trunk mains	£m	3	6.898	0.000	2J.1
Pumping and storage facilities	£m	3	0.940	0.000	2J.2
Other	£m	3	0.000	0.000	2J.3
Total	£m	3	7.838	0.000	2J.4
Wholesale wastewater Network Plus (sewage collection)					
Foul and combined systems	£m	3	0.563	0.000	2J.5
Surface water only systems	£m	3	0.000	0.000	2J.6
Pumping and storage facilities	£m	3	0.100	0.000	2J.7
Other	£m	3	0.000	0.000	2J.8
Total	£m	3	0.663	0.000	2J.9

Capital Expenditure

Water network reinforcement expenditure totalling £7.8m has been reported in the current report year. This majority of this expenditure is investment of £6.9m on our distribution and trunk mains network at various sites, the largest scheme reported cost in the year is £2.6m in New Market Lane, Wakefield.

Wastewater network reinforcement expenditure totalling £0.7m has been reported in the current report year.

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 2K
Infrastructure charges reconciliation for the 12 months ended 31 March 2023

Line description	Units	DPs	Water	Wastewater	Total	RAG 4 reference
Impact of infrastructure charge discounts						
Infrastructure charges	£m	3	1.809	2.565	4.374	2K.1
Discounts applied to infrastructure charges	£m	3	0.010	1.023	1.033	2K.2
Gross Infrastructure charges	£m	3	1.819	3.588	5.407	2K.3
Comparison of revenue and costs						
Variance brought forward	£m	3	-3.647	8.976	5.329	2K.4
Revenue	£m	3	1.809	2.565	4.374	2K.5
Costs	£m	3	-7.838	-0.663	-8.501	2K.6
Variance carried forward	£m	3	-9.676	10.878	1.202	2K.7

Capital Expenditure

As agreed in our proposed developer charging framework, we moved immediately to a suite of fully cost reflective developer charges to only recover costs associated with developer driven network reinforcement activity. It was agreed that until 2023 when a five-year rolling average must be used, we would build our infrastructure charges from 2018 on an incremental basis to reflect any changes to the relating expenditure in comparison to the assumptions in the Final Determination.

The water network reinforcement expenditure of £7.8m within the year and the carried forward variance of £3.66m is compared to the revenue of £1.8m, this leaves a variance of £9.7m.

Our wastewater network reinforcement expenditure of £0.71m is much lower than the forecast activity, this when added to the balance of £9.0m leaves a variance of £10.9m against the £2.6m of revenue.

We will continue to review the level of wastewater network reinforcement activity and expenditure.

Infrastructure Charges

The total value of 'Discounts Applied to Infrastructure Charges' for 2022/2023 is made up of two components. The first is the total value of environmental discounts applied to water and foul infrastructure charges based on the value of charge reductions for new developments with water efficient fittings. Our discounts are derived from the industry 'Water Calculator' and based on a reducing multiplier that measure daily forecast water consumption below 125lpppd.

The second component is the total value of Surface Water Drainage (SWD) charges 'not charged' where surface water for new developments is discharged to a watercourse or soak away rather than into the network. These properties are identified from our central billing records where new properties have not been set up without an annual SWD charge.

In 2022/2023 we have continued to promote our environmental discounts in our annual charges book and consultations and developers are using more environmental solutions. The value of our total discount (water and waste) has increased from £0.748m (2021/2022) to £1.036m (2022/2023).

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 2L
Analysis of land sales for the 12 months ended 31 March 2023

Line description	Units	DPs	Water resources	Water Network Plus	Wastewater Network Plus	Additional control	Total	RAG 4 reference
Land sales – proceeds from disposals of protected land	£m	3	0.005	0.388	4.315	0.000	4.708	2L.1

Analysis of land sales

- Land sales of £4.7m include sales of surplus land, particularly at wastewater treatment sites. The increase in land sales of £4.2m is primarily associated with the sale of the filter beds at Knostrop STW.
- There were 7 disposals of protected land in 2022/2023 of which just one of these was above the threshold for reporting to Ofwat being the external sale of the filter beds at Knostrop STW. We can confirm this was reported to Ofwat.

Key
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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 2M

Revenue reconciliation for the 12 months ended 31 March 2023 – wholesale

Line description	Units	DPs	Water resources	Water Network Plus	Wastewater Network Plus	Bioresources	Additional Control	Total	RAG 4 reference
Revenue recognised									
Wholesale revenue governed by price control	£m	3	71.022	414.296	509.539	80.727	0.000	1,075.584	2M.1
Grants & contributions (price control)	£m	3	0.000	14.662	8.255	0.000	0.000	22.917	2M.2
Total revenue governed by wholesale price control	£m	3	71.022	428.958	517.794	80.727	0.000	1,098.501	2M.3
Calculation of the revenue cap									
Allowed wholesale revenue before adjustments (or modified by CMA)	£m	3	72.545	415.848	509.207	80.566	0.000	1,078.167	2M.4
Allowed grants & contributions before adjustments (or modified by CMA)	£m	3	0.000	12.159	8.600	0.000	0.000	20.759	2M.5
Revenue adjustment	£m	3	-2.288	-9.781	4.331	-1.932	0.000	-9.670	2M.6
Other adjustments	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	2M.7
Revenue cap	£m	3	70.258	418.226	522.138	78.634	0.000	1,089.256	2M.8
Calculation of the revenue imbalance									
Revenue cap	£m	3	70.258	418.226	522.138	78.634	0.000	1,089.256	2M.9
Revenue Recovered	£m	3	71.022	428.958	517.794	80.727	0.000	1,098.501	2M.10
Revenue imbalance	£m	3	-0.764	-10.732	4.344	-2.093	0.000	-9.245	2M.11

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Water resources price control

In 2022/2023 the wholesale water resources revenue recognised is £71.0m compared to the revenue cap of £70.3m, an over recovery of £0.7m - 1.1%.

Water Network Plus price control

In 2022/2023 the wholesale water Network plus revenue recognised is £429.0m compared to the revenue cap of £418.3m, an over recovery of £10.7m - 2.5%.

Wholesale wastewater Network Plus price control

In 2022/2023 the wholesale wastewater Network Plus revenue recognised is £517.8m compared to the revenue cap of £522.2m, an under recovery of £4.4m - (0.8%).

The under recovery is due to the understatement of the wastewater Network Plus allowances within the development of the 2022/2023 tariffs, due to a misallocation within the APR2021 for a NWRSA diversion scheme.

We notified Ofwat in July 2022 regarding the misallocation and have updated the 2022/2023 revenue cap within the wastewater Network Plus to reflect the corrected values from our updated APR2021.

The differences for the 3 price controls noted above will be considered through Revenue Forecasting Incentive (RFI) mechanism for 2024/2025 revenue allowances.

Bioresources price control

In 2022/2023 the bioresources revenue recognised is £80.7m compared to the revenue cap of £78.8m, an over recovery of £1.9m – 2.5%.

This variance will be considered for the 2024/2025 revenue allowance through the Bioresources revenue reconciliation model.

Table 2N
Residential retail – social tariffs

Line description	Revenue	Number of customers	Average amount per customer	RAG 4 reference
Units	£m	000s	£	
DPs	3	3	3	
Number of residential customers on social tariffs				
Residential water only social tariffs customers		0.038		2N.1
Residential wastewater only social tariffs customers		1.493		2N.2
Residential dual service social tariffs customers		37.314		2N.3
Number of residential customers not on social tariffs				
Residential water only no social tariffs customers		113.867		2N.4
Residential wastewater only no social tariffs customers		121.161		2N.5
Residential dual service no social tariffs customers		2,000.86		2N.6
Social tariff discount				
Average discount per water only social tariffs customer			105.263	2N.7
Average discount per wastewater only social tariffs customer			146.015	2N.8
Average discount per dual service social tariffs customer			232.326	2N.9
Social tariff cross-subsidy - residential customers				
Total customer funded cross-subsidies for water only social tariffs customers	0.002			2N.10
Total customer funded cross-subsidies for wastewater only social tariffs customers	0.125			2N.11
Total customer funded cross-subsidies for dual service social tariffs customers	4.964			2N.12
Average customer funded cross-subsidy per water only social tariffs customer			0.018	2N.13
Average customer funded cross-subsidy per wastewater only social tariffs customer			1.019	2N.14
Average customer funded cross-subsidy per dual service social tariffs customer			2.436	2N.15
Social tariff cross-subsidy - company				
Total revenue forgone by company to fund cross-subsidies for water only social tariffs customers	0.002			2N.16
Total revenue forgone by company to fund cross-subsidies for wastewater only social tariffs customers	0.093			2N.17
Total revenue forgone by company to fund cross-subsidies for dual service social tariffs customers	3.705			2N.18
Average revenue forgone by company to fund cross-subsidy per water only social tariffs customer			52.632	2N.19
Average revenue forgone by company to fund cross-subsidy per wastewater only social tariffs customer			62.291	2N.20
Average revenue forgone by company to fund cross-subsidy per dual service social tariffs customer			99.292	2N.21
Social tariff support - willingness to pay				
Level of support for social tariff customers reflected in business plan			4.000	2N.22
Maximum contribution to social tariffs supported by customer engagement			4.650	2N.23

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Social tariff discount	Average amount per customer 2022/2023	Average amount per customer 2021/2022	Average amount per customer 2020/2021
Average discount per water only social tariffs customer	£105.263	£93.750	£90.909
Average discount per wastewater only social tariffs customer	£146.015	£126.174	£130.751
Average discount per dual service social tariffs customer	£232.326	£207.163	£213.682

During 2022/2023, we have seen a £25 increase in the average discount per dual-service social tariff customer compared to 2021/2022. Most significantly, customers have been provided an increased saving this year, as an additional Cost of Living payment was provided to customers of this scheme during Q3, effectively reducing the annual charge to £350. This also meant that customers would benefit from the scheme if their bill value was greater than £350 (rather than previously £421), meaning more customers have becoming eligible for this scheme.

In 2021/2022, the eligibility criteria to join the scheme was amended. This opened up more opportunity for customers to qualify but these customers will have likely made a smaller saving on their bills, reducing the overall average. This has remained the case for 2022/2023.

2022/2023 has also seen a larger proportion of unmeasured customers on the scheme. These customers savings are based on the rateable value of their property.

Our measured customers have started to use less water following the pandemic period and this could also reflect in a lower overall saving.

Number of residential customers on social tariffs	Number of customers 2022/2023	Number of customers 2021/2022	Number of customers 2020/2021
Residential water only social tariffs customers	38	32	88
Residential wastewater only social tariffs customers	1,493	745	413
Residential dual service social tariffs customers	37,314	29,764	23,666

2022/2023 has seen the weighted average number of customers increase by over 7,000, with circa 37k being the weighted average. This will have been impacted by lots of customers being added to the scheme for less than 6 months of the year due to the annual charge being reduced halfway through the year in response to the cost of living crisis.

The number of customers supported has increased on a yearly basis throughout the period. The year ended at circa 45k customers on the scheme.

Social tariff cross-subsidy – residential customers	Number of customers 2022/2023	Average amount per customer 2021/2022	Average amount per customer 2020/2021
Average customer funded cross-subsidy per water only social tariffs customer	0.02	0.02	0.045
Average customer funded cross-subsidy per wastewater only social tariffs customer	1.02	0.53	0.285
Average customer funded cross-subsidy per dual service social tariffs customer	2.44	2.08	1.55

This year has seen the average dual service cross-subsidy increase by £1.22 per customer. This is still within the maximum customer willingness to pay threshold of £4. The company increase its £2m contribution year on year to £3.8m for 2022/2023.

Table 20

Historic cost analysis of intangible fixed assets

Line description	Units	DPs	Residential Retail	Business Retail	Water Resources	Water Network Plus	Wastewater Network Plus	Bioresources	Additional Control	Total	RAG 4 reference
Cost											
At 1 April 2022	£m	3	17.390	0.000	0.993	13.124	229.066	0.000	0.000	260.573	20.1
Disposals	£m	3	-1.838	0.000	-0.140	-0.333	-7.716	0.000	0.000	-10.027	20.2
Additions	£m	3	10.875	0.000	2.194	7.104	60.698	0.123	0.000	80.994	20.3
Adjustments	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	20.4
Assets adopted at nil cost	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	20.5
At 31 March 2023	£m	3	26.427	0.000	3.047	19.895	282.048	0.123	0.000	331.540	20.6
Amortisation											
At 1 April 2022	£m	3	-3.585	0.000	-0.457	-3.769	-77.114	0.000	0.000	-84.925	20.7
Disposals	£m	3	1.838	0.000	0.140	0.333	7.716	0.000	0.000	10.027	20.8
Adjustments	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	20.9
Charge for year	£m	3	-2.609	0.000	-0.299	-2.588	-27.744	-0.019	0.000	-33.259	20.10
At 31 March 2023	£m	3	-4.356	0.000	-0.616	-6.024	-97.142	-0.019	0.000	-108.157	20.11
Net book amount at 31 March 2023	£m	3	22.071	0.000	2.431	13.871	184.906	0.104	0.000	223.383	20.12
Net book amount at 1 April 2022	£m	3	13.805	0.000	0.536	9.355	151.952	0.000	0.000	175.648	20.13
Amortisation for year											
Principal services	£m	3	-2.609	0.000	-0.299	-2.588	-27.744	-0.019	0.000	-33.259	20.14
Third party services	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	20.15
Total	£m	3	-2.609	0.000	-0.299	-2.588	-27.744	-0.019	0.000	-33.259	20.16

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Historical cost analysis of intangible fixed assets – wholesale & retail

Table 20 analyses changes in the intangible fixed assets of both wholesale and retail activities of Yorkshire Water.

Our accounting policies in relation to fixed assets and depreciation are set out in full in note 1 of the statutory Annual Report and Financial Statements which can be found on our reports page here: yorkshirewater.com/reports/

The table above details that the net book value of intangible fixed assets at 31 March 2023 amounts to £223.4m, an increase of £47.7m since the start of the year. This movement includes:

- Additions of £81.0m, mainly due to increased investment in software relating to data storage, cyber-security, operational efficiency and improvements in customer service applications.
- Amortisation in the year is £33.3m, an increase of £6.3m on 2021/2022 due to the increased investment in software detailed above.
- Disposals in the year consist of asset-life expired software.

Table 3: Performance summary

Introduction

The information in this section details the 'Performance Summary' as required by Ofwat. A breakdown of how we performed against each of our Performance Commitments can be found in section 3. The information in this section comprises the following tables:

SNC·LAVALIN

ATKINS
Member of the SNC-Lavalin Group

AMP7 Reporter

2022/23 Annual Performance Assurance Report

Yorkshire Water

10th July 2023

Notice

This document and its contents have been prepared and are intended solely as information for Yorkshire Water and use in relation to 2022/23 Annual Performance Assurance Report.

Atkins Limited assumes no responsibility to any other party in respect of or arising out of or in connection with this document and/or its contents.

This document has 15 pages including the cover.

Document history

Revision	Purpose description	Originated	Checked	Reviewed	Authorised	Date
1	Draft for Yorkshire Water	HG; DB;MM; IM; NS; KA; AC; GI, GJ, JS, GS, RL. KIC, CW, EL, RD	JAJ	JPA	JAJ	10/06/23
2	Updated following meeting with Regulation team and additional responses from auditees	JAJ	RD	JPA	JAJ	20/06/23
3	Updated for Audit and Risk Committee meeting and subsequent closure of outstanding issues	JAJ	RD	JPA	JPA	10/07/23

Contents

Assurance Statement

Atkins is engaged by Yorkshire Water to provide independent assurance on technical and some financial aspects of the annual reporting activities that Yorkshire Water carries out. This statement is part of a continuous improvement process that has involved detailed consideration of the methodologies and their application by which Yorkshire Water reports on its performance at financial year end. We presented our findings to Yorkshire Water's Regulation Team on 12th June 2023, the Yorkshire Water Executive Committee and Customer Forum both on 22nd June 2023 and the Audit and Risk Committee on 4th July 2023.

For the areas we cover and from the information we have been provided, we conclude that the Company has a full understanding of and has sufficient processes and internal systems of control to meet its reporting obligations. We also conclude that the Company has appropriate systems and processes in place to allow it to manage its reporting risks.

Our approach to technical assurance is to draw upon our experiences at previous rounds of audit and to plan in detail who should be present, what information will be covered, where and when. We issue a notification, carry out the audit, provide immediate verbal feedback and a formal feedback summary including requests for further information or clarification with a table of issues raised. The issues from all of the audits and subsequent interactions are compiled into an Issues Log, which is used to manage the resolution of reporting issues before the finalisation of the technical assurance process. This statement reflects the technical assurance position after the iterative process of resolving outstanding issues has concluded.

We have been engaged to audit the tables and submissions to be published in Yorkshire Water's 2022/23 Annual Performance Report and regulatory reporting to other bodies. The areas in scope for this assurance are:

- Data and commentary reported as part of the Annual Performance Report (APR) to Ofwat:
  - Table 3A, 3B, 3E, 3F, 3G, 3H and 3I - Outcome performance tables (common and bespoke measures)
  - Table 3C – C-MeX
  - Table 3D – D-MeX
  - Table 2B, 2E, 2K, 2N, 4A. 4D; 4E, 4F, 4G, 4J, 4K, 4L, 4M, 4N, 4O, 4P, 4Q, 4R, 5A, 6A, 6B, 6C, 6D, 7B, 7C, 7D, 7E, 8A, 8C, 8D – Asset and financial data
  - Table 11A Operational Historical Greenhouse Gas emissions
  - In period adjustments model
- Reported financial Performance Commitments:
  - Common Performance Commitments – 3A.1 to 3A.6 and 3B.1 to 3B.4, 3C, 3D
  - Bespoke Performance Commitments – 3A.7 to 3A.15 and 3B.5 to 3B.12
- Developer Services Information Request 2022/23: Table 1 and Table 2
- DWI submission for water quality contacts
- Report to CCW
- Water UK Developer Services Levels of Service metrics

In a series of over 60 virtual meetings from April to June 2023 we carried out combined methodology and data audits designed to confirm whether:

- Yorkshire Water has appropriate systems, procedures and reporting mechanisms in place to control and meet its reporting obligations.
- Yorkshire Water understands the accuracy of the data that it is providing and is able to identify where specific reported data may not be appropriate to meet regulatory expectations. Many of the items that we audit inherently contain an element of uncertainty, so it is not possible to assure their absolute accuracy.
- The key assumptions and processes that are used to report against Yorkshire Water's Performance Commitments are consistent with the way that the target was set for the PR19 Final Determination or through the Competition and Markets Authority process.
- The methodologies that have been used for reporting of the common metrics are consistent with the technical guidance that has been published by Ofwat, and where there are shortfalls these have been identified appropriately using the Red, Amber, Green classifications provided by Ofwat in the compliance checklists.

This is the third report year of AMP7, some Performance Commitments (PCs) continue to evolve and Ofwat has again made changes to its Regulatory Accounting Guidelines (RAGs) where the definitions and reporting format for all annual reporting are stipulated. Established reporting processes demonstrate either consistent good practice or improvements from previous years. We can see further positive progress has been made on the methodologies, documentation and supporting evidence for reporting. We have also seen a generally positive audit process, with challenge embraced and responded to. There is still further work to do but we have seen a continuing improvement culture.

There were in total 23 areas where there have been changes to reported data and/or methodology which were identified through the audit process and would have been material to this year's reporting but have been addressed prior to submission.

For the AMP7 ODIs reported in Tables 3A, 3B, 3C, 3D and 3E, there are seven areas where we identified "Amber" reporting risks to the business. This indicates shortfalls in methodology or that it is still in development and/or that there is incomplete data or minor errors. These do not materially impact on the performance reported relative to targets and threshold values. The "Ambers" relate to:

1. 3A.4 Per capita consumption (Data) - There are concerns about meter under-registration of the meters used in the unmeasured domestic consumption monitor.
2. 3A.7 Working with others (Data) - Two projects should have been reported in the previous year but due to admin delays in processing the paperwork this did not happen.
3. 3A.14 Low pressure (Methodology and Data) - Moving to a robust reporting approach for reporting pressure logging results, but shortfalls in the gap filling prior to loggers becoming enabled on the reporting system.
4. 3B.2 Pollution incidents (Methodology) - There will be a future requirement to assess the spills data and retrospectively add pollutions, the methodology does not reflect the need to gather relevant data.
5. 3B.3 Sewer collapses (Methodology and Data) - The highest priority incidents originally classified as non-reportable have been reassessed; other incidents where the original classification not reassessed.
6. 3B.12 Living with Water (Methodology) - The PC refers to 'the number of properties protected from internal flooding during rainfall events'. However, the Company's methodology infers that properties will be included in the reported figure that fit a wider definition, when in reality the customer is likely to experience no discernible improvement in flood risk. Yorkshire Water has agreed to revisit its methodology for APR24 hence we have downgraded from "Red" for non-compliant to "Amber". The measure is reported in Year 5 although the investment takes place in the proceeding years so there is some urgency to resolving the matter.
7. 3C.5-7 Total household complaints (Methodology and Data) - It is likely Yorkshire Water is over-reporting as it is still working according to the spirit of the old guidance.

We believe that the published metrics provide a fair and reasonable account of Yorkshire Water's performance in 2022/23. While we observed a number of issues for which we provide comment within our main report, we believe these do not impact materially upon the potential to sign-off the Company submission.

For several PCs (3B.7 Water recycling, 3E.6 Integrated catchment management, 3E.7 Biosecurity implementation), we were informed that the decision has been taken not to prioritise activity and therefore not to meet the committed performance level. This is because Yorkshire Water has made organisational decisions to prioritise resourcing legal compliance and WINEP delivery over delivering these PCs.

We confirm that Yorkshire Water has provided us with full and transparent access to its systems and processes, including unrestricted access to all systems, files and documents that we requested from the Company. During the assurance activities, we had free access to the Regulation team and the cooperation of the people responsible for preparing and reporting the 2022/23 APR and other regulatory submissions.

Jonathan Archer
Atkins Regulation Director and Lead Technical Assurer to Yorkshire Water

1. Scope of Work

Atkins Limited has been appointed to provide external assurance on the regulatory submissions presented by Yorkshire Water to Ofwat under the conditions set out in its Licence with the Secretary of State. There is also associated regulatory reporting to the EA, DWI, Water UK, CC Water and for Customers which falls within the scope of our assurance.

The areas in scope for assurance are:

- Data and commentary reported as part of the Annual Performance Report (APR) to Ofwat:
  - Table 3A, 3B, 3E, 3F, 3G, 3H and 3I - Outcome performance tables (common and bespoke measures)
  - Table 3C – C-MeX
  - Table 3D – D-MeX
  - Table 2B, 2E, 2K, 2N, 4A. 4D; 4E, 4F, 4G, 4J, 4K, 4L, 4M, 4N, 4O, 4P, 4Q, 4R, 5A, 6A, 6B, 6C, 6D, 7B, 7C, 7D, 7E, 8A, 8C, 8D – Asset and financial data
  - Table 11A Operational Historical Greenhouse Gas emissions
  - In period adjustments model
- Reported financial Performance Commitments:
  - Common Performance Commitments – 3A.1 to 3A.6 and 3B.1 to 3B.4, 3C, 3D
  - Bespoke Performance Commitments – 3A.7 to 3A.15 and 3B.5 to 3B.12
- Developer Services Information Request 2022/23: Table 1 and Table 2
- DWI submission for water quality contacts
- Report to CCW
- Water UK Developer Services Levels of Service metrics

It was not within our scope to assure the Outperformance or underperformance payments for 2022/23 or the Forecast of total 2020-25 outperformance or underperformance payment associated with the financial Performance Commitments.

2. Key Findings

We classify our findings into 'red', 'amber' and 'green' categories. The definition for each category as follows:

- 'Red'. These are material reporting risks to the Company relating to either the application of the methodology, the accuracy of the reported data and/or the meeting of a performance commitment
- 'Amber'. These are significant issues where we identified reporting risks to the business. They may relate to the methodology and/or data, however they do not alter the performance reported relative to targets and threshold values.
- 'Green' signifies either no issues or relatively minor issues that are designed to provide continuous improvement to the reporting process and are highlighted within the individual audit summaries that we provide for the Company.

2.1. AMP7 Performance Commitments

Table 2-1 Summary of key findings

Performance Commitment	Findings	Methodology	Data
3A.1 Water quality compliance (CRI)	The CRI is calculated by the DWI based on supporting data provided by Yorkshire Water during the year and the reported score may still be subject to change as Yorkshire Water is waiting on the final confirmation from DWI. We found the Company's methodology and systems to be robust, appropriate and effective checks and controls have been built in, and we were satisfied that	Green	Green

Performance Commitment	Findings	Methodology	Data
	the data reported to the DWI and ultimately to Ofwat through this Performance Commitment is reliable, accurate and complete.		
3A.2 Water supply interruptions	Overall, this area of reporting is being managed effectively and appropriately. All the data is validated as part of both monthly and year end reporting. Approximately 80% of incidents are reviewed in detail to ensure that performance is reported accurately. We believe that this approach represents good practice. We completed several checks on the data and we did not identify any issues.	Green	Green
3A.3 Leakage	Our checks were satisfactory. We reviewed the various components and identified some areas for improvement that have either been actioned within the year or will be taken forward to improve accuracy of reporting in future years. The overall methodology and its application for the reporting of leakage is robust. However, there is an underlying concern about the accuracy of customer meters and in particular newer domestic meters which for ages 0 to 8 years have 5-6% meter under-registration (MUR) compared with 2-3% for older meters. The specification for a new meter is +-2% accuracy. This effects the overall water balance calculation (both top down and bottom up) but has minimal impact upon the reported leakage figure due to the dampening effect of the MLE adjustments. MUR has not been applied to the DMA calculation of bottom-up leakage. This is consistent with the establishment of the reporting baseline	Green	Green
3A.4 Per capita consumption	Our checks were satisfactory. We reviewed the various components and identified some areas for improvement that have either been actioned within the year or will be taken forward to improve accuracy of reporting in future years. There is an underlying concern about the accuracy of customer meters and in particular, newer domestic meters which for ages 0 to 8 years have 5-6% meter under-registration (MUR) compared with 2-3% for older meters. The specification for a new meter is +-2% accuracy. This effects the Domestic Consumption Monitor from which PCC is derived.	Green	Amber
3A.5 Mains repairs	The Company continues to take a precautionary approach to mains repairs reporting, the introduction of a new software system has improved the evidential approach and may see an ability to discount more jobs going forward.	Green	Green
3A.6 Unplanned outage	The reporting of unplanned and planned outage is strongly tied into the management of outage and is subject to detailed scrutiny and checking. The supporting documentation and validation is comprehensive and robust, though some improvements can be built into the reporting methodology.	Green	Green
3A.7 Working with others	Overall, our findings were satisfactory. The Company is undertaking impressive partnership work which is delivering positive outcomes. The reports and associated supporting evidence is robust, and this will also assist with the review of projects delivered by an independent party, which is a requirement in Year 5. However, we identified that strictly two of the three projects should have been reported in the previous year but due to admin delays in processing the paperwork this did not happen and we have highlighted to need to have resources available at the end of next year to avoid this issue being repeated.	Green	Amber
3A.8 Land conserved and enhanced	Overall, this area of reporting is being managed effectively and appropriately. The methodology documentation is robust. The reporting data is taken from sound data sources and not subject to any manipulation. The Company are outperforming its cumulative	Green	Green

Performance Commitment	Findings	Methodology	Data
	target in the reporting year (9143 ha) reporting a total of 9767 ha of land conserved and enhanced.		
3A.9 Education	We consider the methods used by the Company to be robust and comprehensive and we were satisfied with the accuracy of the reported data. The Company are outperforming its PC recording a total of 28,164 educational hours for the reporting year, against a target of 20,000 hours.	Green	Green
3A.10 Gap sites	Overall, our findings were satisfactory. The reporting and associated supporting evidence is robust. We identified a small issue that strictly to be compliant the Company should be reporting the number of Gap sites that were also voids at the time of adding to the billing system. A temporary fix was put in place to identify retrospectively the number for this year and a more robust mechanism has been proposed to capture this data for future years.	Green	Green
3A.11 Managing void properties	This is simply a calculation of the percentage of voids from the properties counts in Table 4R. The Company's approach to identifying, reducing and reporting voids is appropriate and aligns with good practice we have seen elsewhere. The properties reporting appears to be reliable, accurate and complete and the calculation was correct.	Green	Green
3A.12 Drinking water contacts	The Company's methodology and reporting is robust and appropriate. Yorkshire Water has embedded comprehensive checks to ensure it is neither over or under reporting the number of water quality contacts. We identified a small number of contacts associated with notified events that should have been excluded from the reporting and the Company subsequently adjusted its figures.	Green	Green
3A.13 Significant water supply events	The underlying methodology for reporting significant water supply events is robust with every significant event being reviewed in detail. Significant water supply events differ from interruptions to supply in as much as the start time for events is based on when Yorkshire Water become aware of the incident either through customer contact or an alarm. The reviews of events therefore rightly exclude some events where the initial estimate suggested that properties were affected for more than 12 hours. However, this requires significant analysis and, in some cases, a best central estimate is required on the duration of an interruption for an individual customer. The audit initially identified 3 events were incorrectly excluded from the reporting. In addition, Yorkshire Water was able to present further evidence to remove 2 events that had initially been included.	Green	Green
3A.14 Low pressure	Low pressure is report using a robust reporting system, based around Netbase, which process data from critical point loggers. Reporting only upon the output from Netbase ensures a consistent approach but creates uncertainty in the reporting of data prior to loggers being enabled on Netbase. This potentially means that low pressure reporting coverage is not comprehensive for the whole Company area for the hot weather event of June/July 2022. The Company does not have a high-level tracker containing details of when loggers were installed, historic changes in the network, when sites were reporting in Netbase, how many breach days occur each year and over the 5-year rolling performance period. It is not possible to know whether the transition to Netbase reporting has introduced significant error to reported data and further effort is needed to ensure the robustness of reporting. This should be	Amber	Amber

Performance Commitment	Findings	Methodology	Data
	reflected in the methodology and creates uncertainty in the reported figure, which should be internally reviewed for future reporting.		
3A.15 Repairing or replacing customer owned pipes	This was a new performance commitment at APR21. It was noted that the dataset used to generate the APR lines is not readily extractable from IT systems, relying on 'line by line' interrogation of a free text field over the several thousand individual records that make up the overall number. The process is therefore time consuming to implement and the lack of automation could lead to an increased risk of human error. Nonetheless, we did ultimately form the opinion that the data generated appears to be accurate. The review identified one property, where it was unclear if a free repair had been completed. Yorkshire Water has confirmed the removal of this site from their reported numbers. Additional checks were completed based on searching for similar wording, but not other issues were identified.	Green	Green
3B.1 Internal sewer flooding	The sewer flooding management team demonstrate a continual improvement mindset and this is evidenced through the process/governance initiatives that have been embedded during the year. The process is being managed and controlled proactively by the management team. A few gaps and inconsistencies in application and the gathering of data and information to support incident classification were identified and we made a minor suggestion about how to improve the reporting of this measure.	Green	Green
3B.2 Pollution incidents	Overall, this area of reporting is being managed effectively and appropriately. The methodology is robust, in line with Ofwat guidance, and the reported performance can be considered reliable, accurate, and complete. Performance has improved in comparison to previous years and is now ahead of target which will result in an outperformance payment of £266k.Whilst the approach to managing and reporting pollutions has some excellent practice, we continue to raise a concern that there will be a future requirement to assess the spills data and retrospectively add pollutions. This is an industry wide issue and we believe it will have a significant impact on the number of pollutions reported. We recommend that Yorkshire Water considers how to approach this issue, the potential impact on performance, and how to mitigate this.	Amber	Green
3B.3 Sewer collapses	The Methodology classification relates to the need for further checks and controls as part of the process and business risks associated with the reportable incidents not being held on the Corporate system. We have also made suggestions where the methodology can be improved (for example, updates to include the process whereby reportable collapses, where the customer/environmental impact did not occur in the current reporting year, are assessed and excluded from the current year totals). Material issues were identified regarding the analysis that produced the reported number for Table 3B Line 3 and 3I Line 4; this was subsequently re-assessed. While the highest priority incidents originally classified as non-reportable have been re-assessed, there remains a risk that there are misclassifications for other incidents where the original classification was not undertaken by the Auditee and an internal review was not subsequently undertaken.	Amber	Amber
3B.4 Treatment works compliance	Overall, this area of reporting is being managed effectively and appropriately. The methodology is robust, in line with Ofwat guidance, and the reported performance can be considered reliable, accurate, and complete.	Green	Green

Performance Commitment	Findings	Methodology	Data
	We believe that the process documentation needs to be expanded to cover the end to end process of monitoring and reporting compliance. We have made a small number of recommendations to improve the process and reduce the risk of errors in reporting. However, we did not find any errors in the data or reporting to the EA and Ofwat. Performance has improved in comparison to last year and whilst behind the Business Plan target of 100% compliance, is above 99% and hence there is no regulatory penalty.		
3B.5 Length of river improved	The procedure documents for the Clean and Waste elements of this performance commitment provide a good summary of the end-to-end process. The Company is outperforming its target for the year for the clean side and meeting its target for the wastewater side with an overall outperformance of its target for this PC (53.68 km against a target of 47.3).	Green	Green
3B.6 Operational Carbon	We confirmed what had already been identified through the BSI audit that Yorkshire Water had not purchased sufficient zero emission certificates to covers its electricity consumption, and would have failed its PC target. As a result of our intervention, this was addressed and the Company is now reporting robustly and has achieved the committed performance level.	Green	Green
3B.7 Water recycling	We have not audited this PC beyond confirming the accuracy of the zero and that the Company failed to meet its committed performance level because there has been no activity.	Green	Green
3B.8 External sewer flooding	The sewer flooding management team demonstrate a continual improvement mindset and this is evidenced through the process/governance initiatives that have been embedded during the year. The process is being managed and controlled proactively by the management team. A few gaps and inconsistencies in application and the gathering of data and information to support incident classification were identified and we made a minor suggestion about how to improve the reporting of this measure.	Green	Green
3B.9 Bathing water quality	No issues identified; company is reporting two beaches below the PC threshold (achieve 'Good' or 'Excellent' for 18 of 19 beaches) and hence a penalty will be applied. We noted that Tunstall beach has been de-designated and the de-designation will apply from reporting in the next APR. Also noted that the line definition for number of sites now includes for inland bathing waters (number moves from 19 to 20) but the PC relates solely to coastal bathing waters so no impact.	Green	Green
3B.10 Surface water management	The Company was reporting incorrectly its in year performance rather than cumulative figures, which has now been addressed for APR23. Recommendations have been made to update the Procedure and tracker documents to provide a clear and accurate record of beneficial completion of schemes, as well as the minimum evidence required to claim a scheme as completed. An approach was also agreed to recording sign-off as benefits achieved in consultation with the Company's flood partnership steering group, as stipulated by the Final Determination.	Green	Green
3B.11 Quality agricultural products	The Company's process is assured through external auditing of adherence to the Biosolids Assurance Scheme (BAS) requirement. The BAS certificate is provided if the Company can evidence appropriate biosolids management, from source control, treatment to agricultural recycling. Yorkshire Water provided its BAS certificate alongside that of Northumbrian Water, who also manage a proportion of the Company's biosolids. We concurred that this is a robust method and source for reporting the data.	Green	Green

Performance Commitment	Findings	Methodology	Data
3B.12 Living with Water	The methodology categorisation relates to the Performance Commitment Gateway. This does not affect the data return for this year, as schemes are in construction and are yet to be completed, hence the count of properties protected is zero for the reporting year. However, in our opinion, the method whereby properties are identified as contributing to achievement of the Performance Commitment Gateway raises a significant material risk (performance level being only set for Year 5). The Performance Commitment Gateway refers to a 'Reduction in number of properties flooded', therefore it is not a satisfactory outcome for a property to be included in the count, when in reality the customer is likely to experience no discernible improvement in flood risk. In accordance with the methodology, in the extreme case, our understanding is that a property might be included in the count where modelled flood depth reduces by 1mm (from 100mm to 99mm), within 0.5m of the property building outline, and for only one of the storm event durations being considered. We do not consider that this is sufficient to meet the Performance Commitment Gateway requirement to record 'the number of properties protected from internal flooding during rainfall events'. The Company has agreed to revisit its methodology for APR24 hence we have downgraded from "Red" for non-compliant to "Amber".	Amber	Green
3C.1 to 3 Annual C-MeX score	We were able to confirm that complete datasets are sent to the market research company for the purposes of conducting the customer service survey and the results have been transcribed accurately.	Green	Green
3C.5 to 7 Total household complaints	Overall, the Company's processes for reporting the total number of complaints are robust. it is likely that Yorkshire Water is over-reporting the total because it is still working according to the spirit of the old guidance. This new guidance appears to allow certain complaints to either being excluded or no longer defined as complaints under the new definition, which has the effect of significantly reducing the number of complaints being reported. Yorkshire Water should strengthen its own internal quality assurance by carrying out checks on a larger volume of customer contacts and improving visibility of findings there is currently no dashboard to provide a summary of the error rate. We understand that a new Customer Relationship Management system is being developed, which offers opportunities to significantly improve customer management, although there are also risks around new processes and reporting inherent with setting up any new system	Amber	Amber
3D D-MeX score	Overall, the Company's processes are robust and appropriate, and they are documented effectively. In addition, the checks and controls built into the processes are comprehensive. We were able to confirm that a compliant dataset is sent to the market research company each month. While overall we did not identify any material issues with the reporting of the Levels of Service metrics, there was one significant error relating to the definition of one dataset identified, which was rectified and had an impact on the overall score. The Company would really benefit from automating the processes through the development of a portal, which we understand is under construction.	Green	Green
3E.1 Risk of severe restrictions in a drought	Overall, we concluded the Company's methodology aligns with the Ofwat guidance and is appropriate, and that the performance is being reported accurately. This is a challenging metric to report as the Ofwat guidance is both complex and ambiguous. By way of summary, if supply is less than demand in a given year then this is a "deficit" and results in a score of failure in that year. The %	Green	Green

Performance Commitment	Findings	Methodology	Data
	reported is cumulative and dependent on the number of failures across a 25-year period. As a result of the Company's 0% target failure in the first year, this results in negative scores across the 2025 to 2030 AMP period and a failure to meet this PC target.		
Priority services for customers in vulnerable circumstances 3E.2 PSR reach 3E.3 Attempted contacts 3E.4 Actual contacts	We suggested some minor changes to the Company's procedure and did not identify any material issues with its process. A data cleanse activity to remove old PSR registrations remains outstanding and whilst they may be resolved naturally over time, the Company will resolve any outstanding data cleanse as it transition into its new operating system in the coming year.	Green	Green
3E. 5 Risk of sewer flooding in a storm	The ArcGIS system that underpins the reported numbers is robust and comprehensive, and the data contained within it was clearly and confidently explained and demonstrated. This reporting line requires extensive data provision from multiple sources, precluding the ability to fully verify robustness and accuracy from all source data, which reinforces a need to ensure that there are checks and controls in place throughout the chain supplying the data (an observation made with particular reference to the data inputs from hydraulic modelling. However, we did not identify any issues in our checks.	Green	Green
3E.6 Integrated catchment management	We had been notified "with regards to this line, a business decision has recently been made to stop work towards this Performance Commitment". We have therefore not audited this PC beyond confirming the accuracy of the zero and that the Company failed to meet its committed performance level because there has been no activity.	Green	Green
3E.7 Biosecurity implementation	The Company's methodology aligns with appropriate guidance and legislation on biosecurity and its implementation. The data presented by the Company was detailed, concisely recorded, reported and well organised. Yorkshire Water must complete 12 Pathway Management Plans (PMPs) over the AMP cycle, with a target of three PMPs each year from Years 2 to 5. At this stage the Company has only completed Objectives for four PMPs and has communicated that they will not be prioritising completion of this PC due to organisational decisions, that have placed a firm emphasis on resourcing legal compliance and WINEP delivery, over the Biosecurity implementation PC. It would appear that the situation will remain unaltered and that the PC to complete 12 PMPs by the of the AMP will not be met.	Green	Green
3E.8 Capital carbon and emissions arising from owned land	This PC reflects emissions from the Company's capital works and emissions sequestered by the Company's habitat management activities. There is a clear process for deriving the capital carbon data, based on project delivery at particular gates. The Company is now in a position to start revising project estimates with calculations performed usual actual materials data as more projects are completed.. We have identified minor improvements to the process.	Green	Green
3E.9 Creating value from waste	The procedure document provides a good summary of the performance commitment and reporting process. In our view the single 'claim' being put forward as delivering value from waste for APR23 is acceptable. In conjunction with the Company and its consultant 3Adapt, two errors were found on the transfer of data from the Keyland	Green	Green

Performance Commitment	Findings	Methodology	Data
	development model to the YWS assessment. These were subsequently addressed; however, a review of similar data for the Broomfield Farm housing claim in APR22 also showed the same errors. The Company has revised the APR22 assessment and is proposing to restate the APR22 figures; we consider this to be appropriate. On the basis of the figures reported in APR23, the Company has achieved its overall PC target.		
3E.10 Affordability of bills	The reported data is sourced from CCW who commission the customer research. We were able to confirm that the data has been transcribed accurately.	Green	Green
3E.11 Direct support given to customers	The methodology is comprehensive and reporting process appears to be robust. Checks and controls are built into the Company's processes. We discussed the potential for improvements in the way some customers are represented on the YorBill system, but this was not a material issue, and the Company is hoping to address this as it brings in a new operating (CIM) system	Green	Green
3E.12 Cost of bad debt	Overall, this area of reporting is being managed effectively and appropriately. The methodology is robust, in line with Ofwat guidance, and the reported performance can be considered reliable, accurate, and complete. The procedure documentation and assurance statement are of a high quality. Data is provided from several sources, some of these are audited by financial auditors and it is not possible to trace all the data back to source. However, the sources of data are clearly evidenced and, in some cases, have been cross checked with other data presented in the Annual Performance Report.	Green	Green
3E.13 Priority services awareness	The methodology for reporting this measure is robust. The survey data is collated by CC Water and was shared during the audit. We suggested minor updates to the Company's methodology.	Green	Green
3E.14 Priority services satisfaction	The Company's methodology for managing and reporting is robust and appropriate. There were some minor amendments required to its procedure manual and these were immaterial. We were also able to close last year's outstanding actions.	Green	Green
3E.15 Inclusive customer service	The Company's methodology for managing and reporting is robust and appropriate. There were no material issues identified with the reporting.	Green	Green
3E.16 Renewable energy generation	The methodology accurately describes the process followed, which predominately uses SCADA data, and some assumptions and calculations to manage shortfalls in data. The method could be enhanced through instrumentation maintenance to enhance data quality. Overall, we concluded that the dataset is robust for the purposes of reporting.	Green	Green
3E.17 WINEP Delivery	We had no concerns over the reported value for the year ('met') based on delivery of 179 outputs by the end of Year 3. All schemes have been signed off by the EA as having been completed in line with the regulatory date.	Green	Green

2.2. Reporting of Additional Regulatory Information

We have reviewed other data reported and highlight, on an exception basis, areas of note encountered or where there has been significant improvement in addressing issues highlighted last year. There includes regulatory reporting to Ofwat, the EA, DWI, Water UK and CCW.

Table 2-2 Areas of note encountered during audit of additional regulatory information tables

Submission	Findings	Methodology	Data
4Q.13-14 Length of new mains (km) Requisitions and SLPs 6C.2-4 Total length of potable mains relined, renewed and total	This was Amber last year and some process improvements have occurred in the intervening period and the reporting is moving in the right direction. We still believe the process for gathering the data from both self-lay mains and those requisitioned could be improved and made 'leaner', expediting the capture of data and removing the reliance of reconciling between two separate systems. However, the business believes that its approach is currently the best option available due to funding constraints. Delays in receiving as-laid drawings, along with cuts to resources, has had a detrimental effect on the ability to validate the data and in future it is suggested the audit takes place later in the programme to allow more time for validation. The backlog of outstanding as-laid drawings and discrepancies identified in 2021/22 is still an open issue, primarily as a result of unforeseen staff changes, however these will be completed as soon as possible once time allows over the first quarter of 2023/24. We will revisit this area again next year.	Green	Green
Table 4R Population (Water and Wastewater)	While we did not identify any issues with the reported numbers based on the methodologies employed, we note that the approach to Wastewater population reporting had changed to align with the Water population methodology. However, we have challenged this approach, whereby property data is used as a starting point to derive the population because we believe the property data leads to under-reporting where there are multiple properties that are only reported as one property for billing purposes. This is a weakness and we do not believe it represents best practice in the industry for deriving population numbers but the Company is reluctant to change this approach during AMP7.	Amber	Amber
6C.9 Number of lead communication pipes, 6C.10 Number of galvanised iron communication pipes, 6C.11 Number of other communication pipes	In response to APR-22's Amber assessment, a review of Yorkshire Water's approach to Communication pipes has been undertaken and the numbers rebased. This has resulted in a significant change to the numbers being reported in 6C.9,10 and 11. The methodology presented is robust, and has addressed the previous concerns.	Green	Green

Table 7B Lines 1-10 - Large works classification Table 7D Lines 1-16 – Number of works in each size band and loads received. Table 7D Lines 17-24 – Current PE with tightened or new consents	Overall, the process is well established and robust. Significant improvements have been made since the start of the AMP and there are considerable first line assurance checks made on the data as part of the preparation of these lines of data in the APR. Last year, we noted a difference between the total PE reported for Yorkshire Water and the sum of PE at each works. This difference was apportioned across the works which we felt needed further justification as it did alter the size bands for a small number of works where the PE was close to the boundary between size classifications. This year, Yorkshire have not apportioned this difference across the works which we believe is a more appropriate approach. However, there is still a need to understand and resolve this difference. For the large sites reported in table 7B 1-10, we noted that some of the treatment types did not appear to align with the detailed data contained within the asset inventory. Of the 35 sites, there were three sites which appear to have tertiary treatment but are not allocated as such. These include Harrogate North, Wombeswell and South Elmsall. It was not entirely clear whether the tertiary treatment was operational or not and hence we recommend checking these sites to ensure they are correctly listed. The remaining 32 sites in Table 7B1-10 were checked and found to be correct. 7D21 relates to PE served by STWs where a scheme has been delivered to enhance / increase treatment capacity. We believe that it needs to align with 7E9 and 7E10 which relate to schemes and sites to address shortfall in flow to full treatment which result in an increase in capacity. There was one scheme which relates to a Hetton STW with a PE of 358 and Yorkshire updated their reported figures accordingly.	Green	Amber
7C 16-22 Length of Sewers	There is a backlog of GIS amendments to the sewer network. GIS is continually being updated and the data taken for the APR reporting is a snapshot from 1 April. This means that March updates will not have been processed. We believe that this is unlikely to be material and the updates will be picked up in future years' reporting. However, it would be possible to take a later snapshot of the data for APR and we believe that Yorkshire should consider this.	Green	Amber
7C 11,13,14 Sewer refurbishment / Sewer Profile	An estimate is made for the final month's data in relation to the service delivery element of the figures as March data was incomplete at the time of preparing the data. The estimate is based on an average month using year to date delivery. In relation to 7C.14 this represents 0.3% of the total and 7C.15 represents 6.6% of the total. Actuals are then corrected in future years' data. We checked last year's estimate and the differences between estimate and actual were not material. However, March data is available around the end of April and certainly before submission of the APR. We believe that Yorkshire Water should consider the following which would all be an improvement on the current approach and ensure the data is as robust and accurate as possible: • Bring forward the production of March data so it is available at the time of the audit. • Move the date of the audit so the March data is available. • Update the data post-audit and prior to APR table submission when March data is available.	Amber	Green

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Surrey
KT18 5BW

Table 3A

Outcome performance – Water performance commitments (financial)

For much more information on our Performance Commitment, please view **Section 3** of this document.

Line description	Unique reference	Unit	Decimal places	Performance level – actual	PCL met?	Outperformance or underperformance payment £m	Forecast of total 2020-25 outperformance or underperformance payment £m	RAG 4 reference
Common PCs - Water (Financial)								
Water quality compliance (CRI)	PR19YKY_20	number	2	4.61	No	-3.813	-10.728	3A.1
Water supply interruptions	PR19YKY_21	hh:mm:ss	0	00:09:27	No	-4.551	-16.358	3A.2
Leakage	PR19YKY_22	%	1	9.5	Yes	0.070	-5.081	3A.3
Per capita consumption	PR19YKY_25	%	1	-3.1	No	0.000	-13.054	3A.4
Mains repairs	PR19YKY_24	number	1	219.3	No	-4.726	-16.249	3A.5
Unplanned outage	PR19YKY_23	%	2	3.26	Yes	0.000	0.000	3A.6
Bespoke PCs - Water and Retail (Financial)								
Working with others	PR19YKY_1	nr	0	19	Yes	0.000	0.000	3A.7
Land conserved and enhanced	PR19YKY_2	nr	0	9,768	Yes	0.000	-1.721	3A.8
Education	PR19YKY_7	nr	0	28,164	Yes	0.000	-0.029	3A.9
Gap sites	PR19YKY_17	%	0	95	Yes	0.000	-1.122	3A.10
Managing void properties	PR19YKY_18	%	2	3.60	Yes	1.989	4.520	3A.11
Drinking water contacts	PR19YKY_26	nr	1	10.2	No	-0.615	-3.626	3A.12
Significant water supply events	PR19YKY_27	nr	0	20	No	-2.120	-12.985	3A.13
Low pressure	PR19YKY_28	nr	0	4	Yes	0.000	0.000	3A.14
Repairing or replacing customer owned pipes	PR19YKY_29	nr	0	6,441	No	-0.424	-5.590	3A.15

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 3B
Outcome performance – Wastewater performance commitments (financial)

Line description	Unique reference	Unit	Decimal places	Performance level - actual	PCL met?	Outperformance or underperformance payment £m	Forecast of total 2020-25 outperformance or underperformance payment £m	RAG 4 reference
Common PCs - Wastewater (Financial)								
Internal sewer flooding	PR19YKY_31	Number of internal sewer flooding incidents per 10,000 sewer connection	2	2.67	No	-9.194	-45.971	3B.1
Pollution incidents	PR19YKY_30	Pollution incidents per 10,000 km of sewer length	2	22.39	Yes	0.266	-2.360	3B.2
Sewer collapses	PR19YKY_33	Number of sewer collapses per 1,000 km of all sewers	2	10.96	Yes	0.000	0.000	3B.3
Treatment works compliance	PR19YKY_32	%	2	99.68	No	0.000	0.000	3B.4
Bespoke PCs - Wastewater (Financial)								
Length of river improved	PR19YKY_4	km	2	53.68	Yes	0.000	2.656	3B.5
Operational Carbon	PR19YKY_6a	%	1	10.9	Yes	0.873	1.628	3B.6
Water recycling	PR19YKY_9	nr	2	0.00	No	-0.085	-0.307	3B.7
External sewer flooding	PR19YKY_35	nr	0	5,375	Yes	8.342	66.289	3B.8
Bathing water quality	PR19YKY_36	nr	0	16	No	-2.470	-9.880	3B.9
Surface water management	PR19YKY_37	nr	0	4	No	-0.005	-0.015	3B.10
Quality agricultural products	PR19YKY_40	%	0	100	Yes	0.000	0.000	3B.11
Living with Water scheme	PR19CMA_YKY-01	£m	3	4.568	-	0.000	0.000	3B.12

Key
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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 3C
Customer measure of experience (C-MeX) table

Item	Unit	Value	RAG 4 reference
Annual customer satisfaction score for the customer service survey	Number	76.96	3C.1
Annual customer satisfaction score for the customer experience survey	Number	79.54	3C.2
Annual C-MeX score	Number	78.25	3C.3
Annual net promoter score	Number	29.50	3C.4
Total household complaints	Number	24350	3C.5
Total connected household properties	Number	2,368,419	3C.6
Total household complaints per 10,000 connections	Number	102.811	3C.7
Confirmation of communication channels offered	TRUE or FALSE	TRUE	3C.8

Key
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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 3D

Developer services measure of experience (D-MeX) table

Item	Unit	Value	RAG 4 reference
Qualitative component annual results	Number	63.71	3D.1
Quantitative component annual results	Number	96.44	3D.2
D-MeX score	Number	80.08	3D.3
Developer services revenue (water)	£m	12.712	3D.4
Developer services revenue (wastewater)	£m	9.853	3D.5

Calculating the D-MeX quantitative component

Water UK performance metric	Unit	Reporting period (1 April to 31 March)	Quantitative score (annual)	RAG 4 reference
W1.1	%	91.75%		3D.W1
W3.1	%	94.69%		3D.W2
W4.1	%	89.28%		3D.W3
W6.1	%	96.30%		3D.W4
W7.1	%	100.00%		3D.W5
W8.1	%	94.46%		3D.W6
W17.1	%	93.55%		3D.W7
W17.2	%	100.00%		3D.W8
W18.1	%	96.55%		3D.W9
W20.1	%			3D.W10
W21.1	%			3D.W11
W23.1	%	100.00%		3D.W12
W24.1	%	100.00%		3D.W13
W25.1	%			3D.W14
W26.1	%	87.18%		3D.W15
W27.1	%			3D.W16
W28.1	%			3D.W17
W29.1	%			3D.W18
W30.1	%	100.00%		3D.W19
S1.1	%	99.08%		3D.W20
S3.1	%	100.00%		3D.W21
S4.1	%	100.00%		3D.W22
S6.1	%			3D.W23
S7.1	%	100.00%		3D.W24
S8.1	%			3D.W25
S9.1	%			3D.W26
WN1.1	%	99.47%		3D.W27
WN2.2	%	88.82%		3D.W28
WN4.1	%	95.45%		3D.W29
WN4.2	%	100.00%		3D.W30
WN4.3	%			3D.W31
SN2.2	%	100.00%		3D.W32

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 3D – Continued

Developer services measure of experience (D-MeX) table

Calculating the D-MeX quantitative component				
Water UK performance metric	**Unit**	**Reporting period (1 April to 31 March)**	**Quantitative score (annual)**	**RAG 4 reference**
SN4.1	%			3D.W33
SAM 3/1	%	89.16%		3D.W34
SAM 4/1	%	100.00%		3D.W35
SLPM – S1/2	%	90.14%		3D.W36
SLPM - S2/2a	%	97.56%		3D.W37
SLPM - 2/2b	%	89.86%		3D.W38
SLPM – S3	%	100.00%		3D.W39
SLPM – S4/1	%	100.00%		3D.W40
SLPM – S5/1a	%			3D.W41
SLPM – S7/1	%	100.00%		3D.W42
D-MeX quantitative score (for the reporting period)	%	96.44%		3D.7
D-MeX quantitative score (annual)	Number		0.96	3D.8

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 3E

Outcome performance – Non financial performance commitments

Line description	Unique reference	Unit	Decimal places	Performance level - actual	PCL met?	RAG 4 reference
Common						
Risk of severe restrictions in a drought	PR19YKY_38	%	1	4.0	No	3E.1
Priority services for customers in vulnerable circumstances - PSR reach	PR19YKY_42	%	1	4.8	No	3E.2
Priority services for customers in vulnerable circumstances - Attempted contacts	PR19YKY_42	%	1	99.8	Yes	3E.3
Priority services for customers in vulnerable circumstances - Actual contacts	PR19YKY_42	%	1	17.4	No	3E.4
Risk of sewer flooding in a storm	PR19YKY_34	%	2	5.66	Yes	3E.5
Bespoke PCs						
Integrated catchment management	PR19YKY_3	%	1	0.0	No	3E.6
Biosecurity implementation	PR19YKY_5	nr	0	4	No	3E.7
Capital carbon and emissions arising from owned land	PR19YKY_6b	%	1	37.9	Yes	3E.8
Creating value from waste	PR19YKY_8	£m	0	£281m	Yes	3E.9
Affordability of bills	PR19YKY_11	%	0	77	No	3E.10
Direct support given to customers	PR19YKY_12	nr	0	95,138	Yes	3E.11
Cost of bad debt	PR19YKY_13	%	2	3.38	Yes	3E.12
Priority services awareness	PR19YKY_14	%	0	51	No	3E.13
Priority services satisfaction	PR19YKY_15	%	0	85	No	3E.14
Inclusive customer service	PR19YKY_16	%	0	19	Yes	3E.15
Renewable energy generation	PR19YKY_41	nr	0	282	No	3E.16
WINEP Delivery	PR19YKY_NEP01	text	0	Met	Yes	3E.17

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 3F

Underlying calculations for common performance commitments – water and retail

Line description	Unit	Standardising data indicator	Standardising data numerical value	Performance level - Actual (current reporting year)	Performance level - Calculated (i.e. standardised)	RAG 4 reference
Performance commitments set in standardised units - Water						
Mains repairs - Reactive	Mains repairs per 1000 km	Mains length in km	32,267.40	4,568	141.57	3F.1
Mains repairs - Proactive	Mains repairs per 1000 km	Mains length in km	32,267.40	2,507	77.69	3F.2
Mains repairs	Mains repairs per 1000 km	Mains length in km	32,267.40	7,075	219.26	3F.3
Per capita consumption (PCC)	lpd	Total household population (000s) and household consumption (Ml/d)	5,414.80	670.74	123.90	3F.4

Line description	Unit	Performance level - actual (2017-2018)	Performance level - actual (2018-2019)	Performance level - actual (2019-2020)	Baseline (average from 2017-2018 to 2019-2020)	Performance level - actual (2020-21)	Performance level - actual (2021-2022)	Performance level - actual (2022-2023)	Performance level - actual (2023-2024)	Performance level - actual (2024-2025)	Performance level 3 year average (current and previous 2 years)	Calculated performance level to compare against PCLs	RAG 4 reference
Performance commitments measured against a calculated baseline													
Leakage	Ml/d	323.0	324.1	298.7	315.3	289.8	283.1	282.8			285.2	9.5	3F.5
Per capita consumption (PCC)	lpd	128.3	128.6	127.7	128.2	141.2	131.5	123.9			132.2	-3.1	3F.6

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 3F – Continued

Underlying calculations for common performance commitments – water and retail

Line description	Unit	Standardising data indicator	Standardising data numerical value	Total minutes lost	Number of properties supply interrupted	Calculated performance level		RAG 4 reference
Water supply interruptions								
Water supply interruptions	Average number of minutes lost per property per year	Number of properties (thousands)	2,379.46	22500000	63,952	00:09:27		3F.7

Line description	Current company level peak week production capacity (PWPC) Ml/d	Reduction in company level PWPC Ml/d	Outage proportion of PWPC %	RAG 4 reference
Unplanned or planned outage				
Unplanned outage	1,639.10	53.48	3.26%	3F.8

Line description	Total residential properties (000s)	Total number of households on the PSR (as at 31 March)	PSR reach	Total number of households on the PSR over a 2 year period	Number of attempted contacts over a 2 year period	Attempted contacts %	Number of actual contacts over a 2 year period	Actual contacts %	RAG 4 reference
Priority services for customers in vulnerable circumstances									
Priority services for customers in vulnerable circumstances	2,285.96	109,194	4.8%	64,232	64,091	99.8%	11,160	17.4%	3F.9

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 3G
Underlying calculations for common performance commitments – wastewater

Line description	Unique reference	Unit	Standardising data indicator	Standardising data numerical value	Performance level - actual current reporting year	Calculated performance level	RAG 4 reference
Performance commitments set in standardised units							
Internal sewer flooding - customer proactively reported	PR19YKY_31	Number of internal sewer flooding incidents per 10,000 sewer connection	Number of sewer connections	2,362.30	546	2.31	3G.1
Internal sewer flooding - company reactively identified (ie neighbouring properties)	PR19YKY_31	Number of internal sewer flooding incidents per 10,000 sewer connection	Number of sewer connections	2,362.30	84	0.36	3G.2
Internal sewer flooding	PR19YKY_31	Number of internal sewer flooding incidents per 10,000 sewer connection	Number of sewer connections	2,362.30	630	2.67	3G.3
Pollution incidents	PR19YKY_30	Pollution incidents per 10,000 km of sewer length	Sewer length in km	52,263.00	117	22.39	3G.4
Sewer collapses	PR19YKY_33	Number of sewer collapses per 1,000 km of all sewers	Sewer length in km	52,533.00	576	10.96	3G.5

Key
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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 3H

Summary information on outcome delivery incentive payments

Line description	Initial calculation of performance payments (excluding C-MeX and D-MeX) £m (2017-18 prices)	RAG 4 reference
Initial calculation of in period revenue adjustment by price control		
Water resources	0.08	3H.1
Water Network Plus	-16.10	3H.2
Wastewater Network Plus	-2.91	3H.3
Bioresources (sludge)	0.48	3H.4
Residential retail	1.99	3H.5
Business retail	0.00	3H.6
Dummy control	0.00	3H.7
Initial calculation of end of period revenue adjustment by price control		
Water resources	0.00	3H.8
Water Network Plus	-3.00	3H.9
Wastewater Network Plus	0.00	3H.10
Bioresources (sludge)	0.00	3H.11
Residential retail	0.00	3H.12
Business retail	0.00	3H.13
Dummy control	0.00	3H.14
Initial calculation of end of period RCV adjustment by price control		
Water resources	0.00	3H.15
Water Network Plus	0.00	3H.16
Wastewater Network Plus	0.00	3H.17
Bioresources (sludge)	0.00	3H.18
Residential retail	0.00	3H.19
Business retail	0.00	3H.20
Dummy control	0.00	3H.21

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 3I
Supplementary outcomes information

Line description	Current company level peak week production capacity (PWPC) Ml/d	Reduction in company level PWPC Ml/d	Outage proportion of PWPC %	RAG 4 reference
Unplanned or planned outage				
Planned outage	1,639.10	42.43	2.59%	3I.1

Line description	Deployable output	Outage allowance	Dry year demand	Target headroom	Total population supplied	Customers at risk	RAG 4 reference
Risk of severe restrictions in drought							
Risk of severe restrictions in drought	1,446.84	52.53	1,260.78	112.63	5,386,480.00	0.00	3I.2

Line description	Total pe served	Total pe in excluded catchments	Percentage of total pe in excluded catchments	Total pe Option 1a	Percentage of total pe Option 1a	Total pe Option 1b	Percentage of total pe Option 1b	Vulnerability risk grade: Low	Medium	High	RAG 4 reference
								Percentage of total population served			
Risk of sewer flooding in a storm											
Risk of sewer flooding in a storm	5,239,515	0	0.00%	230,122	4.39%	5,009,392	95.61%	94.34%	0.28%	5.38%	3I.3

Line description	Number of patch repairs or relining undertaken on sewer and not included in reported sewer collapses	RAG 4 reference
Sewer collapses		
Sewer collapses	1,095	3I.4

Key
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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 4: Additional regulatory information – service level

Introduction

The information in this section details 'Additional regulatory information – service level' as required by Ofwat, with a brief description of significant variances compared to previous years. The information in this section comprises the following tables:

Pro forma 4A	Water bulk supply information for the 12 months ended 31 March 2023
Pro forma 4B	Analysis of debt
Pro forma 4C	Impact of price control performance to date on RCV
Pro forma 4D	Totex analysis for the 12 months ended 31 March 2023 – water resources and water Network Plus
Pro forma 4E	Totex analysis for the 12 months ended 31 March 2023 – wastewater Network Plus and bioresources
Pro forma 4F	Major project expenditure for wholesale water by purpose
Pro forma 4G	Major project expenditure for wholesale wastewater by purpose
Pro forma 4H	Financial metrics for the 12 months ended 31 March 2023
Pro forma 4I	Financial derivatives
Pro forma 4J	Base expenditure analysis for the 12 months ended 31 March 2023 – water resources and water Network Plus
Pro forma 4K	Base expenditure analysis for the 12 months ended 31 March 2023 – wastewater Network Plus and bioresources
Pro forma 4L	Enhancement expenditure for the 12 months ended 31 March 2023 – water resources and water Network Plus
Pro forma 4M	Enhancement expenditure for the 12 months ended 31 March 2023 – wastewater Network Plus and bioresources

Table 4A

Water bulk supply information for the 12 months ended 31 March 2023

Line description	Volume	Operating costs	Revenue	RAG 4 reference
Units	Ml	£m	£m	
DPs	3	3	3	
Bulk supply exports				
Bulk supply 1	93.401	0.000	0.118	4A.1
Bulk supply 2	0.315	0.000	0.002	4A.2
Bulk supply 3	280.703	0.000	0.317	4A.3
Bulk supply 4	1.548	0.000	0.002	4A.4
Bulk supply 5	0.060	0.000	0.000	4A.5
Bulk supply 6	0.000	0.000	0.000	4A.6
Bulk supply 7	0.000	0.000	0.000	4A.7
Bulk supply 8	0.000	0.000	0.000	4A.8
Bulk supply 9	0.000	0.000	0.000	4A.9
Bulk supply 10	0.000	0.000	0.000	4A.10
Bulk supply 11	0.000	0.000	0.000	4A.11
Bulk supply 12	0.000	0.000	0.000	4A.12
Bulk supply 13	0.000	0.000	0.000	4A.13
Bulk supply 14	0.000	0.000	0.000	4A.14
Bulk supply 15	0.000	0.000	0.000	4A.15
Bulk supply 16	0.000	0.000	0.000	4A.16
Bulk supply 17	0.000	0.000	0.000	4A.17
Bulk supply 18	0.000	0.000	0.000	4A.18
Bulk supply 19	0.000	0.000	0.000	4A.19
Bulk supply 20	0.000	0.000	0.000	4A.20
Bulk supply 21	0.000	0.000	0.000	4A.21
Bulk supply 22	0.000	0.000	0.000	4A.22
Bulk supply 23	0.000	0.000	0.000	4A.23
Bulk supply 24	0.000	0.000	0.000	4A.24
Bulk supply 25	0.000	0.000	0.000	4A.25
Total bulk supply exports	376.027	0.000	0.440	4A.26

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 4A – Continued

Water bulk supply information for the 12 months ended 31 March 2023

Line description	Volume	Operating costs		RAG 4 reference
Units	Ml	£m		
DPs	3	3		
Bulk supply imports				
Bulk supply 1	15,720.290	4.082		4A.27
Bulk supply 2	0.000	0.000		4A.28
Bulk supply 3	0.000	0.000		4A.29
Bulk supply 4	0.000	0.000		4A.30
Bulk supply 5	0.000	0.000		4A.31
Bulk supply 6	0.000	0.000		4A.32
Bulk supply 7	0.000	0.000		4A.33
Bulk supply 8	0.000	0.000		4A.34
Bulk supply 9	0.000	0.000		4A.35
Bulk supply 10	0.000	0.000		4A.36
Bulk supply 11	0.000	0.000		4A.37
Bulk supply 12	0.000	0.000		4A.38
Bulk supply 13	0.000	0.000		4A.39
Bulk supply 14	0.000	0.000		4A.40
Bulk supply 15	0.000	0.000		4A.41
Bulk supply 16	0.000	0.000		4A.42
Bulk supply 17	0.000	0.000		4A.43
Bulk supply 18	0.000	0.000		4A.44
Bulk supply 19	0.000	0.000		4A.45
Bulk supply 20	0.000	0.000		4A.46
Bulk supply 21	0.000	0.000		4A.47
Bulk supply 22	0.000	0.000		4A.48
Bulk supply 23	0.000	0.000		4A.49
Bulk supply 24	0.000	0.000		4A.50
Bulk supply 25	0.000	0.000		4A.51
Total bulk supply imports	15,720.290	4.082		4A.52

Water bulk supply

Similar to last year, for 2022/2023 operating cost information has not been shown for the supplies to Anglian, Bradway Grange Farm or the New Appointments and Variations (NAVs) as all these supplies are from the water distribution network and therefore operating costs and depreciation are not separately identifiable.

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 4B

Analysis of debt for the 12 months ended 31 March 2023

Due to the size of the data table, we have published Table 4B separately on our website here:
yorkshirewater.com/about-us/reports/

The table itself displays our analysis of debt per 'fixed rate instrument' and 'Floating rate instrument' for 2022/2023 and provides the following information:

- Instrument
- Issuer
- Category
- Maturity type
- Instrument identifier
- Seniority
- Long-term issue credit rating
- Currency
- Issue date
- Issue price
- Maturity date
- Years to maturity
- Original issuance/facility size
- Principal sum outstanding
- Amount used to calculate nominal interest cost and cash interest payment
- Years to maturity x principal sum
- RPI interest rate
- CPI interest rate
- Reference benchmark
- Reference benchmark rate
- Margin over reference benchmark rate
- Nominal interest rate
- Nominal interest cost
- Cash interest cost
- Utilisation fee
- Commitment fee
- Issuance costs
- Value per balance sheet
- Fair value of debt
- Further information

All entries in Table 4B agree to Table 1E.

1. Class A and Class B ratings reflect debt ratings issued by CRA's on publicly rated debt (S&P/Moody's/Fitch).
2. The total fair values of swaps are shown on the paying legs.
3. SONIA cashflows are calculated using compounded SONIA at the year end, for the relevant interest period with 5 day lookback applied.
4. IL swaps have been regrouped since prior years, to ensure accurate reporting of the additional reporting Ofwat requested on swaps.

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 4C

Impact of price control performance to date on RCV

Line description	Units	DPs	12 months ended 31 March 2023: Water resources	Water Network Plus	Wastewater Network Plus	Bio-resources	Additional Control	Price control period to date: Water resources	Water Network Plus	Wastewater Network Plus	Bio-resources	Additional Control	RAG 4 reference
Totex (net of business rates, abstraction licence fees and grants and contributions)													
Final determination allowed totex (net of business rates, abstraction licence fees, grants and contributions and other items not subject to cost sharing)	£m	3	46.141	337.767	497.172	66.248	0.000	112.851	942.046	1,573.123	195.532	0.000	4C.1
Actual totex (excluding business rates, abstraction licence fees, grants and contributions and other items not subject to cost sharing)	£m	3	57.008	419.767	427.083	51.427	0.000	126.814	1,081.296	1,194.567	155.851	0.000	4C.2
Transition expenditure	£m	3	0.000	0.000	0.000	0.000	0.000	0.405	0.793	5.357	0.083	0.000	4C.3
Disallowable costs	£m	3	0.001	0.738	2.202	0.002	0.000	0.009	1.786	4.478	0.047	0.000	4C.4
Total actual totex (net of business rates, abstraction licence fees and grants and contributions)	£m	3	57.007	419.029	424.881	51.425	0.000	127.210	1080.303	1195.446	155.887	0.000	4C.5
Variance	£m	3	10.866	81.262	-72.291	-14.823	0.000	14.359	138.257	-377.677	-39.645	0.000	4C.6
Variance due to timing of expenditure	£m	3	-0.232	-25.982	-63.886	-5.067	0.000	0.000	0.000	-449.556	-19.625	0.000	4C.7
Variance due to efficiency	£m	3	11.098	107.244	-8.405	-9.756	0.000	14.359	138.257	71.879	-20.020	0.000	4C.8
Customer cost sharing rate - outperformance	%	2	55.00%	55.00%	55.00%	0.00%	0.00%	55.00%	55.00%	55.00%	0.00%	0.00%	4C.9
Customer cost sharing rate - underperformance	%	2	45.00%	45.00%	45.00%	0.00%	0.00%	45.00%	45.00%	45.00%	0.00%	0.00%	4C.10
Customer share of totex overspend	£m	3	4.994	48.260	0.000	0.000	0.000	6.462	62.216	32.346	0.000	0.000	4C.11
Customer share of totex underspend	£m	3	0.000	0.000	-4.623	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4C.12
Company share of totex overspend	£m	3	6.104	58.984	0.000	0.000	0.000	7.897	76.041	39.533	0.000	0.000	4C.13
Company share of totex underspend	£m	3	0.000	0.000	-3.782	-9.756	0.000	0.000	0.000	0.000	-20.020	0.000	4C.14

Key

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Table 4C – Continued

Impact of price control performance to date on RCV

			12 months ended 31 March 2023					Price control period to date					
Line description	Units	DPs	Water re-sources	Water Network Plus	Waste-water Network Plus	Bio-resources	Additional Control	Water resources	Water Network Plus	Waste-water Network Plus	Bio-resources	Additional Control	RAG 4 reference
Totex - business rates and abstraction licence fees													
Final determination allowed totex - business rates and abstraction licence fees	£m	3	15.326	36.166	19.450	1.341	0.000	43.006	101.488	54.581	3.764	0.000	4C.15
Actual totex - business rates and abstraction licence fees	£m	3	18.150	33.350	15.383	2.855	0.000	45.245	100.632	48.685	8.773	0.000	4C.16
Variance - business rates and abstraction licence fees	£m	3	2.824	-2.816	-4.067	1.514	0.000	2.239	-0.856	-5.896	5.009	0.000	4C.17
Customer cost sharing rate - business rates	%	2	68.72%	91.19%	90.00%	74.47%	0.00%	64.22%	101.73%	90.00%	75.92%	0.00%	4C.18
Customer cost sharing rate - abstraction licence fees	%	2	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	4C.19
Customer share of totex over/underspend - business rates and abstraction licence fees	£m	3	1.941	-2.568	-3.660	1.127	0.000	1.438	-0.871	-5.306	3.803	0.000	4C.20
Company share of totex over/underspend - business rates and abstraction licence fees	£m	3	0.883	-0.248	-0.407	0.387	0.000	0.801	0.015	-0.590	1.206	0.000	4C.21
Totex not subject to cost sharing													
Final determination allowed totex - not subject to cost sharing	£m	3	0.000	2.899	0.021	0.000	0.000	0.155	9.245	0.952	0.238	0.000	4C.22
Actual totex - not subject to cost sharing	£m	3	0.000	1.683	0.002	0.000	0.000	0.936	16.775	8.447	0.303	0.000	4C.23
Variance - 100% company allocation	£m	3	0.000	-1.216	-0.019	0.000	0.000	0.781	7.530	7.495	0.065	0.000	4C.24
Total customer share of totex over/under spend	£m	3	6.935	45.692	-8.283	1.127	0.000	7.899	61.345	27.039	3.803	0.000	4C.25

Key

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Table 4C – Continued

Impact of price control performance to date on RCV

			12 months ended 31 March 2023					Price control period to date					
Line description	Units	DPs	Water resources	Water Network Plus	Waste-water Network Plus	Bio-resources	Additional Control	Water resources	Water Network Plus	Waste-water Network Plus	Bio-resources	Additional Control	RAG 4 reference
RCV													
Total customer share of totex over/under spend	£m	3	6.935	45.692	-8.283	1.127	0.000	7.899	61.345	27.039	3.803	0.000	4C.26
PAYG rate	%	2	77.21%	72.61%	38.70%	62.04%	0.00%	82.53%	72.77%	39.72%	58.42%	0.00%	4C.27
RCV element of cumulative totex over/underspend	£m	3	1.580	12.516	-5.077	0.428	0.000	1.380	16.706	16.301	1.581	0.000	4C.28
Adjustment for ODI outperformance payment or underperformance payment	£m	3						0.000	0.000	0.000	0.000	0.000	4C.29
Green recovery	£m	3						0.000	0.000	0.000		0.000	4C.30
RCV determined at FD at 31 March	£m	3						678.384	2,780.441	4,902.577	353.166	0.000	4C.31
Projected 'shadow' RCV	£m	3						679.764	2,797.147	4,918.878	354.747	0.000	4C.32

Key

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Totex (net of business rates, abstraction licence fees and grants and contributions) (4C.1-14)

4C.1: This was provided by Ofwat in the Financial Flows Data spreadsheet and was inflated to nominal prices from 2017-18 Average CPIH price base.

4C.2: This has been calculated as per the Ofwat line definition, however we have included the impact of insurance income related to flood recovery claims within the cumulative wastewater network control. The value of this is income is £8.7m (£3.0m 2021-22 and £5.7m 2020/2021).

4C.3: We have included the transitional totex that we incurred in 2018/2019 and 2019/2020 within our cumulative position.

4C.4: This has been calculated as per the Ofwat line definition.

4C.7: We have included an adjustment to reflect the impact of timing differences.

4C.9: This reflects the sharing rates which were included in the CMA FD19.

4C.10: This reflects the sharing rates which were included in the CMA FD19.

Totex - business rates and abstraction licence fees (4C.15-21)

We have included our Industrial Emissions Directive (IED) expenditure within Bioresources as 4C had not been updated to include this specifically.

4C.15: This was provided by Ofwat in the Financial Flows Data spreadsheet and was inflated to nominal prices from 2017/2018 Average CPIH price base. As we have no allowance for IED then no adjustment was required.

4C.16: We have included IED expenditure into this line to date this is £4.7m (£1.6m 2022/2023, £1m 2021/2022, £2.1m 2020/2021).

4C.18: This line is used in the table to provide the sharing value of business rates, abstraction and IED, therefore this line includes the weighted % for each price control after the different sharing rates were applied.

4C.19: We have left this line blank as it does not feed into the calculation of this section.

Totex not subject to cost sharing (4C.22-24)

4C.22: This was provided by Ofwat in the Financial Flows Data spreadsheet and was inflated to nominal prices from 2017-18 Average CPIH price base.

4C.23: We have followed Ofwat guidance and have in addition included the CMA expenditure that we excluded from line 4C.2 within our cumulative position.

RCV (4C.26-32)

4C.27: This was provided by Ofwat in the Financial Flows Data spreadsheet.

4C.29: We do not have any ODIs linked to RCV adjustments.

4C.31: This was published by Ofwat within the RCV spreadsheet.

Table 4D

Totex analysis for the 12 months ended 31 March 2023 – water resources and water Network Plus

Line description	Units	DPs	Water resources	Network Plus: Raw water transport	Network Plus: Raw water storage	Network Plus: Water treatment	Network Plus: Treated water distribution	Total	RAG 4 reference
Operating expenditure									
Base operating expenditure	£m	3	42.712	15.674	3.165	85.283	169.264	316.098	4D.1
Enhancement operating expenditure	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4D.2
Developer services operating expenditure	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4D.3
Total operating expenditure excluding third party services	£m	3	42.712	15.674	3.165	85.283	169.264	316.098	4D.4
Third party services	£m	3	0.000	0.000	0.000	0.000	1.317	1.317	4D.5
Total operating expenditure	£m	3	42.712	15.674	3.165	85.283	170.581	317.415	4D.6
Grants and contributions									
Grants and contributions – operating expenditure	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4D.7
Capital expenditure									
Base capital expenditure	£m	3	24.494	1.617	0.695	37.213	86.320	150.339	4D.8
Enhancement capital expenditure	£m	3	7.952	0.688	0.011	22.721	18.493	49.865	4D.9
Developer services capital expenditure	£m	3	0.000	0.000	0.000	0.000	27.018	27.018	4D.10
Total gross capital expenditure excluding third party services	£m	3	32.446	2.305	0.706	59.934	131.831	227.222	4D.11
Third party services	£m	3	0.000	0.000	0.000	0.000	1.683	1.683	4D.12
Total gross capital expenditure	£m	3	32.446	2.305	0.706	59.934	133.514	228.905	4D.13
Grants and contributions									
Grants and contributions - capital expenditure	£m	3	0.000	0.000	0.000	0.000	17.266	17.266	4D.14
Net totex	£m	3	75.158	17.979	3.871	145.217	286.829	529.054	4D.15
Cash expenditure									
Pension deficit recovery payments	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4D.16
Other cash items	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4D.17
Totex including cash items	£m	3	75.158	17.979	3.871	145.217	286.829	529.054	4D.18

Key

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Table 4D – Continued

Totex analysis for the 12 months ended 31 March 2023 – water resources and water Network Plus

				Network Plus					
Line description	Units	DPs	Water resources	Raw water transport	Raw water storage	Water treatment	Treated water distribution	Total	RAG 4 reference
Atypical expenditure									
COVID Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4D.19
2022 Drought: 4D.1- Base operating expenditure	£m	3	3.387	0.632	0.000	18.812	2.469	25.300	4D.20
Transformation Costs: 4D.1- Base operating expenditure	£m	3	0.171	0.049	0.063	0.692	1.600	2.575	4D.21
Item 4	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4D.22
Item 5	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4D.23
Total atypical expenditure	£m	3	3.558	0.681	0.063	19.504	4.069	27.875	4D.24

Wholesale totex analysis – water

Table 4D provides information relating to wholesale water upstream services from raw water abstraction to water distribution. For further information please see Table 2B or our Accounting Separation Methodology.

Operating expenditure

The year on year increase in water resources of £11.5m (36.9%) is primarily due to an EA Abstraction Licence increase of £4.7m, £3.4m atypical drought related costs and £2.0m increased energy costs as a result of the additional energy consumption which was unhedged therefore, attracting the high volatile day ahead prices.

The year on year increase in Water Network Plus of £46.6m (20.6%) is primarily due to the atypical expenditure related to the drought and dry weather recovery of £21.9m and supply chain inflationary pressures, particularly impacting chemical costs by £12.0m.

- Additional activities and resources were required in order for Yorkshire Water to enact our drought plan and recover from the extended period of dry weather we experienced this financial year, resulting in atypical expenditure of £21.9m. Please refer to 2B commentary for more information.
- Energy consumption increased in 2022/2023 primarily due to increased pumping during the dry weather we experienced in the region. The financial impact has been compounded as this additional consumption was above our business planned usage and therefore, we were unable to hedge in advance. This at a time where energy costs are at the highest they have been in years.
- Chemical prices have increased significantly to cover soaring energy, fuel and raw material prices. This has resulted in accelerated price increases from suppliers being passed through, increasing chemical spend by £12.0m for this price control alone.
- As a result of increased fuel, energy and raw material prices combined with decreased market availability of raw materials we have also seen considerable inflationary pressures across the rest of the supply chain.
- We continue to incur severance costs in relation to the transformation programme which commenced in 2020/2021 across the business.

Principal use recharge is now included within Base operating expenditure. This accounts for £16.7m of the year on year variance (£1.0m Water resources, £15.7m Water Network Plus).

There has been no operating expenditure in relation to enhanced or developer services for 2022/2023. For further commentary please see 4L and 4N.

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Cash expenditure

Pension costs for 2021/2022 were £5.7m which was reported in cash expenditure. However, as agreed at PR09 and reiterated in Information Note 13-17 at PR19, this was the final year of pension deficit payments to be funded by customers.

Atypical expenditure

Base operating expenditure includes atypical expenditure.

- Transformation costs: £2.6m relates to transformation expenditure including reorganisation costs to prepare the business for AMP7.
- 2022 drought: £25.3m relates to the additional activities involved with the 2022 drought.

Technical notes

As per the information notice (IN22/01) the provision in relation to the innovation fund in 2022/2023 has been excluded from operating expenditure with no corresponding adjustment to revenue.

Table 4E

Totex analysis for the 12 months ended 31 March 2023 – wastewater Network Plus and bioresources

			Network Plus Sewage collection			Network Plus Sewage treatment		Bioresources				
Line description	Units	DPs	Foul	Surface water drainage	Highway drainage	Sewage treatment and disposal	Imported sludge liquor treatment	Sludge transport	Sludge treatment	Sludge disposal	Total	RAG 4 reference
Operating expenditure												
Base operating expenditure	£m	3	41.197	6.667	14.094	105.868	-0.023	9.632	14.629	9.361	201.425	4E.1
Enhancement operating expenditure	£m	3	0.000	0.000	0.000	0.354	0.000	0.000	0.000	0.000	0.354	4E.2
Developer services operating expenditure	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4E.3
Total operating expenditure excluding third party services	£m	3	41.197	6.667	14.094	106.222	-0.023	9.632	14.629	9.361	201.779	4E.4
Total third party services	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4E.5
Total operating expenditure	£m	3	41.197	6.667	14.094	106.222	-0.023	9.632	14.629	9.361	201.779	4E.6
Grants and contributions												
Grants and contributions - operating expenditure	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4E.7
Capital expenditure												
Base capital expenditure	£m	3	70.299	23.398	5.576	71.046	0.287	0.303	15.009	3.683	189.601	4E.8
Enhancement capital expenditure	£m	3	5.111	4.904	0.493	95.548	0.005	0.004	1.660	0.001	107.726	4E.9
Developer services capital expenditure	£m	3	4.414	1.140	0.266	0.078	0.000	0.000	0.000	0.000	5.898	4E.10
Total gross capital expenditure excluding third party services	£m	3	79.824	29.442	6.335	166.672	0.292	0.307	16.669	3.684	303.225	4E.11
Third party services	£m	3	0.001	0.001	0.000	0.000	0.000	0.000	0.000	0.000	0.002	4E.12
Total gross capital expenditure	£m	3	79.825	29.443	6.335	166.672	0.292	0.307	16.669	3.684	303.227	4E.13
Grants and contributions												
Grants and contributions - capital expenditure	£m	3	6.490	1.524	0.410	0.237	0.000	0.000	0.000	0.000	8.661	4E.14
Net totex	£m	3	114.532	34.586	20.019	272.657	0.269	9.939	31.298	13.045	496.345	4E.15

Key

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Table 4E – Continued

Totex analysis for the 12 months ended 31 March 2023 – wastewater Network Plus and bioresources

			Network Plus Sewage collection			Network Plus Sewage treatment		Bioresources				
Line description	Units	DPs	Foul	Surface water drainage	Highway drainage	Sewage treatment and disposal	Imported sludge liquor treatment	Sludge transport	Sludge treatment	Sludge disposal	Total	RAG 4 reference
Cash expenditure												
Pension deficit recovery payments	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4E.16
Other cash items	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4E.17
Totex including cash items	£m	3	114.532	34.586	20.019	272.657	0.269	9.939	31.298	13.045	496.345	4E.18
Atypical expenditure												
COVID - Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4E.19
AMP6 Flooding - Capex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4E.20
Transformation Costs: 4D.1-Base operating expenditure	£m	3	0.771	0.565	0.565	2.933	0.063	0.027	0.539	0.007	5.470	4E.21
Item 4	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4E.22
Item 5	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4E.23
Total atypical expenditure	£m	3	0.771	0.565	0.565	2.933	0.063	0.027	0.539	0.007	5.470	4E.24

Key

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Table 4E provides information relating to wholesale wastewater upstream services from sewage collection to sludge disposal, for further information please see Table 2B or our Accounting Separation Methodology.

Operating expenditure

Overall, Yorkshire Water has seen a decrease in wholesale wastewater costs of £11.0m (-5.2%) from 2021/2022.

The year on year decrease in Sewage Collection of £16.0m is primarily due to £12.7m credit relating to the principal use recharge and reduced hired and contracted spend as a result of pausing our annual programme of proactive sewer desilts.

A number of small favourable variances from control of discretionary spends, improved productivity of front-line teams and reduced spend from support services offset by an additional £1.3m cost pressure on energy due to above inflation rises in electricity unit costs.

The year on year decrease in Sewage Treatment of £0.2m (-0.2%) is due to £9.0m credit relating to the principal use recharge which has been largely offset by the continuous rises in commodity prices throughout 2022/2023.

- Energy consumption has decreased again, in 2022/2023 due to a further reduction in flows treated, although unit prices are higher than 2021/2022.
- Continuous rises in commodity prices throughout 2022/2023. Chemical prices have increased significantly to cover increasing energy, fuel and raw material prices. This surcharge has been passed on from our suppliers and has impacted the costs of our sewage treatment process.
- Strong treatment works compliance has continued in 2022/2023, keeping associated costs related to the number of 'at risk' and 'high risk' works to a minimum.
- Trade Effluent maintained zero consented traders impacting our Sewage Treatment Works (STW) compliance, eliminating mitigation costs seen at the start of the AMP period.

The year on year increase in Bioresources of £5.2m (18.2%) is primarily due to chemical prices significantly increasing impacting the costs of our sludge treatment processes. £2.0m variance relates to the principal use recharge.

- This price pressure has increased chemical spend by £3.5m for this price control alone, primarily related to the increase seen on Polyelectrolytes.
- There has been an increase in hired and contracted costs for sludge transport due to the full year impact of outsourcing the sludge transport function to a contractor.
- Improved generation performance due to sites such as Esholt, Dewsbury and Huddersfield coming online, resulting in less energy purchased has helped offset increased cost pressures.

Waste price control continues to incur severance costs in relation to the transformation programme which commenced in 2020/2021 across the business.

Principal use recharge is now included within Base operating expenditure. Waste Network Plus benefited from this recharge, receiving £21.7m credit due to the recharges to other price controls.

There has been minimal operating expenditure in relation to enhanced and no operating costs in relation to developer services for 2022/2023. For further information please see 4M and 4O.

Cash expenditure

Pension costs for 2021/2022 were £6.6m which was reported in cash expenditure. However, as agreed at PR09 and reiterated in Information Note 13-17 at PR19, this was the final year of pension deficit payments to be funded by customers.

Atypical expenditure

Base operating expenditure includes atypical expenditure.

- Transformation costs: £5.5m relates to transformation expenditure including re-organisational costs to prepare the business for AMP7.

Technical notes

As per the information notice (IN22/01) the provision in relation to the innovation fund in 2022/2023 has been excluded from operating expenditure with no corresponding adjustment to revenue.

Table 4F

Major project expenditure for wholesale water by purpose for the 12 months ended 31 March 2023

			Expenditure in report year £m						Cumulative expenditure incurred on schemes in £m						
				Water Network Plus						Water Network Plus					
Line description	Units	DPs	Water resources	Raw water transport	Raw water storage	Water treatment	Treated water distribution	Total	Water resources	Raw water transport	Raw water storage	Water treatment	Treated water distribution	Total	RAG 4 reference
Major project capital expenditure by purpose															
Capital expenditure purpose - line 1	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.1
Capital expenditure purpose - line 2	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.2
Capital expenditure purpose - line 3	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.3
Capital expenditure purpose - line 4	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.4
Capital expenditure purpose - line 5	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.5
Capital expenditure purpose - line 6	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.6
Capital expenditure purpose - line 7	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.7
Capital expenditure purpose - line 8	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.8
Capital expenditure purpose - line 9	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.9
Capital expenditure purpose - line 10	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.10
Total major project capital expenditure	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.11

Key

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Table 4F – Continued

Major project expenditure for wholesale water by purpose for the 12 months ended 31 March 2023

			Expenditure in report year £m						Cumulative expenditure incurred on schemes in £m						
				Water Network Plus						Water Network Plus					
Line description	Units	DPs	Water resources	Raw water transport	Raw water storage	Water treatment	Treated water distribution	Total	Water resources	Raw water transport	Raw water storage	Water treatment	Treated water distribution	Total	RAG 4 reference
Major project operating expenditure by purpose															
Operating expenditure purpose - line 1	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.12
Operating expenditure purpose - line 2	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.13
Operating expenditure purpose - line 3	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.14
Operating expenditure purpose - line 4	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.15
Operating expenditure purpose - line 5	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.16
Operating expenditure purpose - line 6	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.17
Operating expenditure purpose - line 7	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.18
Operating expenditure purpose - line 8	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.19
Operating expenditure purpose - line 9	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.20
Operating expenditure purpose - line 10	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.21
Total major project operating expenditure	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4F.22

Major project expenditure

We have £nil return on this table for the reporting year, as per RAG 4.11, section 16.

Key

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Table 4G

Major project expenditure for wholesale wastewater by purpose for the 12 months ended 31 March 2023

Line description	Units	DPs	Expenditure in report year £m – Wastewater Network Plus – Sewage collection – Foul	Wastewater Network Plus – Sewage collection – Surface water drainage	Wastewater Network Plus – Sewage collection – Highway drainage	Wastewater Network Plus – Sewage treatment and disposal	Wastewater Network Plus – Sludge liquor treatment	Bioresources – Sludge Transport	Bioresources – Sludge Treatment	Bioresources – Sludge Disposal	Total	RAG 4 reference
Major project capital expenditure by purpose												
Capital expenditure purpose - line 1	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.1
Capital expenditure purpose - line 2	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.2
Capital expenditure purpose - line 3	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.3
Capital expenditure purpose - line 4	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.4
Capital expenditure purpose - line 5	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.5
Capital expenditure purpose - line 6	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.6
Capital expenditure purpose - line 7	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.7
Capital expenditure purpose - line 8	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.8
Capital expenditure purpose - line 9	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.9
Capital expenditure purpose - line 10	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.10
Total major project capital expenditure	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.11
Major project operating expenditure by purpose												
Operating expenditure purpose - line 1	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.12
Operating expenditure purpose - line 2	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.13
Operating expenditure purpose - line 3	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.14
Operating expenditure purpose - line 4	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.15
Operating expenditure purpose - line 5	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.16
Operating expenditure purpose - line 6	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.17
Operating expenditure purpose - line 7	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.18
Operating expenditure purpose - line 8	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.19
Operating expenditure purpose - line 9	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.20
Operating expenditure purpose - line 10	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.21
Total major project operating expenditure	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.22

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Table 4G – Continued

Major project expenditure for wholesale wastewater by purpose for the 12 months ended 31 March 2023

			Cumulative expenditure incurred on schemes in £m									
			Wastewater Network Plus					Bioresources				
			Sewage collection									
Line description	Units	DPs	Foul	Surface water drainage	Highway drainage	Sewage treatment and disposal	Sludge liquor treatment	Sludge Transport	Sludge Treatment	Sludge Disposal	Total	RAG 4 reference
Major project capital expenditure by purpose												
Capital expenditure purpose - line 1	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.1
Capital expenditure purpose - line 2	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.2
Capital expenditure purpose - line 3	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.3
Capital expenditure purpose - line 4	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.4
Capital expenditure purpose - line 5	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.5
Capital expenditure purpose - line 6	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.6
Capital expenditure purpose - line 7	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.7
Capital expenditure purpose - line 8	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.8
Capital expenditure purpose - line 9	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.9
Capital expenditure purpose - line 10	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.10
Total major project capital expenditure	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.11
Major project operating expenditure by purpose												
Operating expenditure purpose - line 1	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.12
Operating expenditure purpose - line 2	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.13
Operating expenditure purpose - line 3	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.14
Operating expenditure purpose - line 4	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.15
Operating expenditure purpose - line 5	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.16
Operating expenditure purpose - line 6	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.17
Operating expenditure purpose - line 7	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.18
Operating expenditure purpose - line 8	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.19
Operating expenditure purpose - line 9	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.20
Operating expenditure purpose - line 10	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.21
Total major project operating expenditure	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4G.22

Key

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Major project expenditure

We have £nil return on this table for the reporting year, as per RAG 4.11, section 16.

Table 4H

Financial metrics for the 12 months ended 31 March 2023

Line description	Units	DPs	Current year	AMP to date	RAG 4 reference
Financial indicators					
Net debt	£m	3	6117.683		4H.1
Regulatory equity	£m	3	2,596.885		4H.2
Regulatory gearing	%	2	70.20%		4H.3
Post tax return on regulatory equity	%	2	-5.11%		4H.4
RoRe (return on regulatory equity)	%	2	3.55%	2.23%	4H.5
Dividend yield	%	2	2.40%		4H.6
Retail profit margin - Household	%	2	-0.58%		4H.7
Retail profit margin - Non household	%	2	0.21%		4H.8
Credit rating - Fitch	Text	n/a	n/a		4H.9
Credit rating - Moody's	Text	n/a	Baa2 (Stable)		4H.10
Credit rating - Standard and Poor's	Text	n/a	A- (Negative)		4H.11
Return on RCV	%	2	2.88%		4H.12
Dividend cover	dec	2	8.15		4H.13
Funds from operations (FFO)	£m	3	423.010		4H.14
Interest cover (cash)	dec	2	3.56		4H.15
Adjusted interest cover ratio (ACICR)	dec	2	1.56		4H.16
FFO/Net debt	dec	2	0.07		4H.17
Effective tax rate	%	2	0.16%		4H.18
Retained cash flow (RCF)	£m	3	360.673		4H.19
RCF/Net debt	dec	2	0.06		4H.20
Borrowings					
Proportion of borrowings which are fixed rate	%	2	46.13%		4H.21
Proportion of borrowings which are floating rate	%	2	-3.90%		4H.22
Proportion of borrowings which are index linked	%	2	57.77%		4H.23
Proportion of borrowings due within 1 year or less	%	2	2.29%		4H.24
Proportion of borrowings due in more than 1 year but no more than 2 years	%	2	0.00%		4H.25
Proportion of borrowings due in more than 2 years but no more than 5 years	%	2	15.99%		4H.26
Proportion of borrowings due in more than 5 years but no more than 20 years	%	2	67.26%		4H.27
Proportion of borrowings due in more than 20 years	%	2	14.46%		4H.28

The values included on the table do not include any rounding adjustments.

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Financial metrics

4H.6: Dividend Yield. 'Dividend yield' is a calculated item linking to **Table 1A**. Dividend yield of 2.4% (2021/2022: 2.47%) is lower than last year. The dividend has been paid to cover costs relating to the entity that have been incurred elsewhere in the group. This was a legal distribution as sufficient distributable reserves were available at the date of distribution.

4H.13: Dividend cover. The dividend cover ratio for this year is 8.150 (2021/2022: negative 6.983). This has increased due to the regulatory profit for the year of £508.0m (2021/2022: loss of £367.0m) per **Table 1A.21**, which is higher largely due to the positive movement in fair value of financial instruments year on year.

4H.15: We have used the formula in Ofwat's guidance to calculate the interest cover (cash) in Table 4H line 15:

Interest cover (cash) = Funds from operations (Table 4H line 14) plus interest paid on borrowings /Interest paid on borrowings

Interest paid on borrowings is made up of the following:

	£m
YW Net Interest Paid (**Table 1D** Line 10 of the APR).	£133.8
Add back interest received on subordinated inter-company loans (see note 7 of Yorkshire Water Services Ltd annual report and financial statement for the year ended 31 March 2022). yorkshirewater.com/reports/	£25.5
Add loan repayment from YW to fund interest payments on exchange bonds held by subsidiary companies to pay the interest on bonds raised by those subsidiary companies (see note 17 of Yorkshire Water Services Ltd annual report and financial statement for the year ended 31 March 2021 and further detail below). yorkshirewater.com/reports/	£6.1
Interest Paid on Borrowings	**£165.4**

Certain bonds issued by subsidiaries of YW and subsequently on-lent to YW at their issue date had their terms changed in 2009. The changes involved exchanging the bonds with the bond holders for new bonds - resulting in changes to both their nominal value and applicable interest rates. 'Exchange Accounting' was applied by YW in relation to these bonds.

The difference in the pre and post exchange interest rates resulted in a funding gap between the interest payable on the original bonds and the actual interest payable at the new interest rates.

These differences are covered by loans between YW and its subsidiary - Yorkshire Water Finance Plc (YWFplc) whereby YW pays an amount over to YWF plc in order for the correct amount of interest to be paid to the bond holders. For the year ended 31 March 2023 this difference amounted to £6.1m. The associated loans will be repayable in full when the bonds mature.

The purpose of adding the £6.1m to the interest cost is to reflect the actual interest cost that YW and its subsidiaries have to pay to its external bond holders and therefore better reflects the actual interest attributable to YW.

Therefore, the calculation for line 15: Interest cover (cash) is as follows:

Interest cover (cash) = (£423.0m + £165.4m) /£165.4m = 3.56 times.

4H.16: We have used the formula in Ofwat's guidance (which is different to the methodology used within our covenanted interest cover ratios and also the methodology used by the credit rating agencies) to calculate the adjusted interest cover (cash) in Table 4H line 14. The formula is as follows:

Adjusted interest Cover (cash) = (Funds from operations (table 4H line 14) plus interest paid on borrowings less RCV run off)/Interest paid on borrowings.

Interest paid on borrowings is as per line 15 - Interest cover (cash). RCV run off is defined within Yorkshire Water's final determination and is adjusted to the year-end price base. The RCV run off figures are published by Ofwat each year.

Therefore, the calculation for line 16: Adjusted interest cover (cash) is as follows:

Interest Cover (cash) =
(£423.0m + £165.4m - £331.115m)/£165.4m
= 1.56 times.

4H.21-28: Yorkshire Water has a balanced mix of funding at fixed, floating and inflation linked interest rates. Yorkshire Water assesses debt portfolio exposures including derivatives. The reported proportion of index linked debt is 57.8% and reflects the position including the consideration of derivatives. If derivatives were not considered, then the company's index linked exposure would be 37.7%.

Yorkshire Water's debt maturity profile reflects the company's effective management of its refinancing requirements.

Yorkshire Water measures its debt percentages against the company's regulated capital value to ensure that no more than 20% of the company's refinancing requirements fall due within any 24-month period and that no more than 40% falls due within any AMP.

The proportion of borrowings due within 1 year or less is 2.29% (2021/2022: 7.28%). Yorkshire Water raised £600m of new debt in the year to 31 March 2023. Other movements to the proportion of borrowings due reflects the reducing maturity of existing debt.

Table 4I
Financial derivatives

	Nominal value by maturity (net) at 31 March				Total value at 31 March			Interest rate (weighted average for 12 months to 31 March 2023)		
Line description	0 to 1 years	1 to 2 years	2 to 5 years	Over 5 years	Nominal value (net)	Mark to Market	Total accretion at 31 March	Payable	Receivable	RAG 4 reference
Units	£m	£m	£m	£m	£m	£m	£m	%	%	
DPs	3	3	3	3	3	3	3	3	3	
Interest rate swap (sterling)										
Floating to fixed rate	0.000	0.000	0.000	45.000	45.000	6.989	0.000	6.033%	2.649%	4I.1
Floating from fixed rate	0.000	0.000	0.000	430.000	430.000	32.042	0.000	4.912%	3.888%	4I.2
Floating to index linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%	4I.3
Floating from index linked	0.000	23.405	287.150	978.445	1,289.000	1,995.200	300.724	3.008%	7.830%	4I.4
Fixed to index-linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%	4I.5
Fixed from index-linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%	4I.6
Index-linked to index-linked	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000%	0.000%	4I.7
Total	0.000	23.405	287.150	1,453.445	1,764.000	2,034.231	300.724			4I.8
Foreign Exchange										
Cross currency swap USD	113.112	0.000	0.000	0.000	113.112	-30.127	0.000			4I.9
Cross currency swap EUR	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.10
Cross currency swap YEN	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.11
Cross currency swap Other	33.800	0.000	0.000	0.000	33.800	6.693	0.000			4I.12
Total	146.912	0.000	0.000	0.000	146.912	-23.434	0.000			4I.13
Currency interest rate										
Currency interest rate swaps USD	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.14
Currency interest rate swaps EUR	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.15
Currency interest rate swaps YEN	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.16
Currency interest rate swaps Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.17
Total	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.18

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Table 4I – Continued
Financial derivatives

Line description	Nominal value by maturity (net) at 31 March: 0 to 1 years	1 to 2 years	2 to 5 years	Over 5 years	Total value at 31 March: Nominal value (net)	Mark to Market	Total accretion at 31 March	Interest rate (weighted average for 12 months to 31 March 2023): Payable	Receivable	RAG 4 reference
Units	£m	£m	£m	£m	£m	£m	£m	%	%	
DPs	3	3	3	3	3	3	3	3	3	
Forward currency contracts										
Forward currency contracts USD	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.19
Forward currency contracts EUR	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.20
Forward currency contracts YEN	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.21
Forward currency contracts CAD	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.22
Forward currency contracts AUD	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.23
Forward currency contracts HKD	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.24
Forward currency contracts Other	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.25
Total	0.000	0.000	0.000	0.000	0.000	0.000	0.000			4I.26
Other financial derivatives										
Other financial derivatives	0.000	0.000	0.000	0.000	0.000	-4.638	0.000			4I.27
Total financial derivatives	146.912	23.405	287.150	1,453.445	1,910.912	2,006.159	300.724			4I.28

Due to the size of the data table, we have published the second half of Table 4I separately on our website here: yorkshirewater.com/about-us/reports/

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Table 4I provides an analysis of Yorkshire Water's portfolio of financial derivatives.

Yorkshire Water's operations expose the company to a variety of financial risks that include inflation risk, interest rate risk and exchange rate risk.

Yorkshire Water has several financial derivatives, including cross currency swaps and interest rate swaps, to manage the interest rate and currency risk arising from the debt instruments that are used to finance the company's activities.

Yorkshire Water's revenues are partly linked to the underlying rate of inflation, principally measured by the consumer price index including owner-occupiers' housing costs (CPIH). Revenues are therefore subject to fluctuations in line with changes in CPIH. In addition, Yorkshire Water's RCV, which is one of the critical components for setting customer's bills, is also linked to inflation. The percentage of the company's net debt to RCV is a covenant within Yorkshire Water's financing arrangements. In the absence of any management action, negative inflation could potentially lead to a breach of gearing limits, however, this risk is mitigated by Yorkshire Water maintaining levels of inflation linked debt and being a counterparty to inflation linked swaps.

Interest received on inflation linked swaps is based on the Sterling Overnight Index Average (SONIA). Interest is paid at fixed amounts plus RPI. Movements in RPI are also applied to the nominal value of inflation linked debt and swaps to determine additional amounts to be paid either at maturity or during the life of some inflation linked swaps. Therefore, the impact of inflation reductions on income and RCV is mitigated by reduced interest charges and lower value of inflation linked debt used in calculating gearing as a percentage of RCV.

The inflation profile of Yorkshire Water's debt and swap portfolio continues to be reviewed in relation to reform of RPI methodology, and any changes would be expected to be made between 2025 and 2030.

Table 4I line notes

4I.1: Floating to fixed rate interest rate swaps
In relation to managing interest rate risk Yorkshire Water holds £45.0m (2022: £45.0m) nominal value of legacy floating to fixed rate swaps.

4I.2: Floating from fixed rate interest rate swaps

Also, in relation to managing interest rate risk, Yorkshire Water holds £430.0m (2022: £430.0m) nominal value of floating from fixed rate swaps.

4I.4: Floating from index linked swaps
In relation to managing inflation risk, Yorkshire Water holds £1,289.0m (2022: £1,289.0m) nominal value of floating from index linked swaps (termed inflation linked swaps). Yorkshire Water's inflation linked swaps have the following cashflows:

- Six monthly interest is received by Yorkshire Water based on SONIA.
- Six monthly interest is paid by Yorkshire Water based on a fixed rate plus RPI.
- An RPI linked amount is also payable on maturity of the swaps or at certain predetermined dates over the duration of the swaps.
- A proportion of the swaps also receives six monthly interest amounts based on a margin over the SONIA based rate mentioned above.

The maturity dates of the company's portfolio of inflation linked swaps range from 2026 to 2063.

At 31 March 2023, swaps with a total nominal value of £292.5m included Mandatory Break clauses in their terms. The dates for these Mandatory Breaks are: 21 February 2025 (£23.4m), 21 February 2028 (£110.2m), 21 August 2030 (£117.5m), and 21 February 2033 (£41.3m). Whilst Yorkshire Water has a successful track record of extending Mandatory Breaks ahead of them being reached, it is prudently assumed in Table 4I that swaps will mature on their Mandatory Break date.

4I.9: Cross currency swaps USD
In relation to managing currency risk, Yorkshire Water hedges the fair value of issued US dollar private placement notes using a series of combined interest rate and foreign currency swaps, swapping US dollar principal repayments into sterling and fixed rate US dollar interest payments into floating rate sterling interest payments.

4I.12: Cross currency swaps other
Yorkshire Water also hedges the fair value of an Australian dollar bond using a combined interest rate and foreign currency swap, swapping Australian dollar principal repayments into sterling and fixed rate Australian dollar interest payments into floating rate sterling interest payments.

4I.27: Other financial derivatives
Other financial derivatives relate to Yorkshire Water's exposure to energy price fluctuations. Yorkshire Water aims to manage this risk by fixing energy contract prices where possible and operating within an energy purchasing policy that is designed to manage price volatility risk. The notional amounts of energy that Yorkshire Water has hedged is in megawatts per hour (i.e. not in £m's) and therefore the nominal value by maturity has been left blank in line 4I.27.

Lines 4I.29 to 4I.140 provide further analysis by swap types of data items included in lines 4I.1 to 4I.28.

Data validation

Within the statement of financial position at Table 1C, in accordance with generally accepted accounting principles, financial derivatives are stated at fair value rather than the mark to market value. The fair value of a swap is essentially the mark to market value of the swap adjusted to take into account the potential impact of the risk of swap counterparties defaulting (the counterparties being Yorkshire Water and the bank or financial institution providing the swap) as well as a number of other valuation adjustments.

Table 4I requests information on swap mark to market values rather than swap fair values. The table below reconciles the mark to market values shown in Table 4I to the fair value amounts shown within Table 1C, the latter being reflected within Yorkshire Water's published financial statements.

Derivative type	Table 4I - mark to market values – liabilities shown as negative and assets shown as positive £m	Valuation adjustment to reflect the day 1 loss/gain on exchange transaction on exchanged swaps in line with IFRS accounting £m	Credit risk and other adjustments required under FRS102 accounting £m	Table 1C £m
Floating to fixed rate	-6.989		0.379	-6.610
Floating from fixed rate	-32.042		0.747	-31.295
Floating from index linked	-1,995.200	65.821	259.953	-1,669.427
Cross currency swap USD	30.127		-0.121	30.006
Cross currency swap Other	-6.693		0.002	-6.691
Other financial derivatives	4.638		-0.019	4.619
Total	**-2,006.159**	**65.821**	**260.941**	**-1,679.398**

Table 1C	£m
Non-current assets: Financial instruments	226.166
Current assets: Financial instruments	31.043
Non-Current liabilities: Financial instruments	-1,929.916
Current liabilities: Financial instruments	**-6.691**
	-1,679.398

Mark to market value
The mark to market value is the net present value of all future expected receipts and payments under a swap. The amount is based on the current market expectations of future interest rates, future inflation rate, future exchange rates, and future energy prices depending on the swap in question. Out-of-the-money (liability) positions are presented as positive, in-the-money (asset) positions are presented as negative. This signage convention is reversed in the Table 4I to Table 1C reconciliation presented above.

Technical notes

Nominal value
The Nominal value is the face amount that is used to calculate all payments made and received under the associated swap.

Interest rates

Interest rates payable and receivable for floating legs of derivatives have been determined using compounded SONIA rates for either 6 months or 12 months with 5 day lookback, dependent on the relevant swap as at 31 March 2023.

Table 4J

Base expenditure analysis for the 12 months ended 31 March 2023 – water resources and water Network Plus

Line description	Units	DPs	Water resources	Water Network Plus: Raw water distribution	Water Network Plus: Raw water storage	Water Network Plus: Water treatment	Water Network Plus: Treated water distribution	Total	RAG 4 reference
Operating expenditure									
Power	£m	3	5.215	11.255	0.006	20.714	25.477	62.667	4J.1
Income treated as negative expenditure	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4J.2
Bulk Supply/Bulk discharge	£m	3	4.082	0.000	0.000	0.000	0.000	4.082	4J.3
Renewals expensed in year (infrastructure)	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4J.4
Renewals expensed in year (non-infrastructure)	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4J.5
Other operating expenditure	£m	3	15.265	2.448	2.297	63.318	110.815	194.143	4J.6
Local authority and Cumulo rates	£m	3	7.921	1.971	0.862	1.000	29.266	41.020	4J.7
Service Charges									
Canal & River Trust abstraction charges/discharge consents	£m	3	0.679	0.000	0.000	0.000	0.000	0.679	4J.8
Environment Agency/NRW abstraction charges/discharge consents	£m	3	9.550	0.000	0.000	0.251	0.000	9.801	4J.9
Other abstraction charges/discharge consents	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4J.10
Location specific costs & obligations									
Costs associated with Traffic Management Act	£m	3	0.000	0.000	0.000	0.000	3.706	3.706	4J.11
Costs associated with lane rental schemes	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4J.12
Statutory water softening	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	4J.13
Total base operating expenditure	£m	3	42.712	15.674	3.165	85.283	169.264	316.098	4J.14
Capital expenditure									
Maintaining the long term capability of the assets - infra	£m	3	18.026	1.330	0.000	0.000	47.288	66.644	4J.15
Maintaining the long term capability of the assets - non-infra	£m	3	6.468	0.287	0.695	37.213	39.032	83.695	4J.16
Total base capital expenditure	£m	3	24.494	1.617	0.695	37.213	86.320	150.339	4J.17
Traffic Management Act									
Projects incurring costs associated with Traffic Management Act	nr	0	0	0	0	0	20800	20800	4J.18

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Capital Expenditure

A total of £150.3m has been invested in maintaining the long-term capability of our water assets in the current report year. The above table identifies the split of this investment between each of the price controls as well as by infrastructure investment of £66.6m and non-infra £83.7m.

The total of £66.6m water infra base investment is split between the Water Resources price control £18m and the Water Network Plus price control £48.6m.

The total £83.7m of water non-infra base investment is split between the Water Resources price control £6.5m and the Water Network Plus price control £77.2m.

Water Resources investment of £24.5 includes £19.9 of directly allocated investment and £4.6m associated with its reallocation of Management and General costs apportioned across the whole programme.

Water Network Plus investment of £125.8m includes £91.8m of directly allocated investment and £34m associated with its reallocation of Management and General costs apportioned across the whole programme.

Base expenditure analysis – water resources and Water Network Plus

Table 4J splits out the base expenditure in 4D. For more information on year on year variances refer to the commentary for Table 2B, 4D or Accounting Separation Methodology.

Costs associated with the Traffic Management Act in 2022/2023 are £3.7m which is broadly in line with 2021/2022.

Table 4K

Base expenditure analysis for the 12 months ended 31 March 2023 – wastewater Network Plus and bioresources

			Expenditure in report year					
			Wastewater Network Plus					
Line description	Units	DPs	Foul	Surface water drainage	Highway drainage	Sewage treatment and disposal	Sludge liquor treatment	RAG 4 reference
Operating expenditure								
Power	£m	3	4.563	1.637	0.460	48.176	0.385	4K.1
Income treated as negative expenditure	£m	3	0.000	0.000	0.000	0.000	0.000	4K.2
Bulk Supply/Bulk discharge	£m	3	0.000	0.000	0.000	0.000	0.000	4K.3
Renewals expensed in year (infrastructure)	£m	3	0.000	0.000	0.000	0.000	0.000	4K.4
Renewals expensed in year (non-infrastructure)	£m	3	0.000	0.000	0.000	0.000	0.000	4K.5
Other operating expenditure	£m	3	34.919	4.408	13.142	38.714	-0.408	4K.6
Local authority and Cumulo rates	£m	3	0.031	0.003	0.011	15.338	0.000	4K.7
Service Charges								
Canal & River Trust abstraction charges/discharge consents	£m	3	0.000	0.000	0.280	0.000	0.000	4K.8
EA/NRW abstraction charges/discharge consents	£m	3	1.594	0.586	0.192	3.640	0.000	4K.9
Other abstraction charges/discharge consents	£m	3	0.000	0.000	0.000	0.000	0.000	4K.10
Location specific costs & obligations								
Costs associated with Traffic Management Act	£m	3	0.090	0.033	0.009	0.000	0.000	4K.11
Costs associated with lane rental schemes	£m	3	0.000	0.000	0.000	0.000	0.000	4K.12
Costs associated with Industrial emissions directive	£m	3	0.000	0.000	0.000	0.000	0.000	4K.13
Total base operating expenditure	£m	3	41.197	6.667	14.094	105.868	-0.023	4K.14
Capital expenditure								
Maintaining the long term capability of the assets - infra	£m	3	48.390	16.375	3.779	1.682	0.000	4K.15
Maintaining the long term capability of the assets - non-infra	£m	3	21.909	7.023	1.797	69.364	0.287	4K.16
Total base capital expenditure	£m	3	70.299	23.398	5.576	71.046	0.287	4K.17
Traffic Management Act								
Projects incurring costs associated with Traffic Management Act	nr	0	551	203	57	0	0	4K.18
Operating expenditure (AMP 7 shadow reported values)								
Power	£m	3	0.000	0.000	0.000	0.855	0.000	4K.19
Income treated as negative expenditure	£m	3	0.000	0.000	0.000	0.000	0.000	4K.20

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 4K – Continued

Base expenditure analysis for the 12 months ended 31 March 2023 – wastewater Network Plus and bioresources

			Expenditure in report year				
			Bioresources				
Line description	Units	DPs	Sludge Transport	Sludge Treatment	Sludge Disposal	Total	RAG 4 reference
Operating expenditure							
Power	£m	3	0.000	-7.340	0.027	47.908	4K.1
Income treated as negative expenditure	£m	3	0.000	-1.771	0.000	-1.771	4K.2
Bulk Supply/Bulk discharge	£m	3	0.000	0.000	0.000	0.000	4K.3
Renewals expensed in year (infrastructure)	£m	3	0.000	0.000	0.000	0.000	4K.4
Renewals expensed in year (non-infrastructure)	£m	3	0.000	0.000	0.000	0.000	4K.5
Other operating expenditure	£m	3	9.632	22.452	9.120	131.979	4K.6
Local authority and Cumulo rates	£m	3	0.000	1.288	0.000	16.671	4K.7
Service Charges							
Canal & River Trust abstraction charges/discharge consents	£m	3	0.000	0.000	0.000	0.280	4K.8
EA/NRW abstraction charges/discharge consents	£m	3	0.000	0.000	0.214	6.226	4K.9
Other abstraction charges/discharge consents	£m	3	0.000	0.000	0.000	0.000	4K.10
Location specific costs & obligations							
Costs associated with Traffic Management Act	£m	3	0.000	0.000	0.000	0.132	4K.11
Costs associated with lane rental schemes	£m	3	0.000	0.000	0.000	0.000	4K.12
Costs associated with Industrial emissions directive	£m	3	0.000	0.000	0.000	0.000	4K.13
Total base operating expenditure	£m	3	9.632	14.629	9.361	201.425	4K.14
Capital expenditure							
Maintaining the long term capability of the assets - infra	£m	3	0.000	0.000	0.000	70.226	4K.15
Maintaining the long term capability of the assets - non-infra	£m	3	0.303	15.009	3.683	119.375	4K.16
Total base capital expenditure	£m	3	0.303	15.009	3.683	189.601	4K.17
Traffic Management Act							
Projects incurring costs associated with Traffic Management Act	nr	0	0	0	0	811	4K.18
Operating expenditure (AMP 7 shadow reported values)							
Power	£m	3	0.000	0.000	0.000	0.855	4K.19
Income treated as negative expenditure	£m	3	0.000	-0.855	0.000	-0.855	4K.20

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Capital Expenditure

A total of £189.6m has been invested in maintaining the long-term capability of our wastewater assets in the current report year. The above table identifies the split of this investment between each of the price controls as well as by infrastructure investment of £70.2m and non-infra £119.4m

Further detail on the areas of spend and the improvements the overall wastewater base investment will deliver can be found in the commentary for **Table 4E**.

The total of £70.2m wastewater infra base investment is split between the Network Plus Sewage Collection £68.5m and Network Plus Sewage Treatment £1.7m.

The total £100.4m of wastewater non-infra base investment is split between the Network Plus Sewage collection £30.7m, Network Plus Sewage treatment £69.7m

Investment of £99.3m within the Network Plus Sewage Collection price control is split between £80.4m of investment that is directly allocated, with the remaining £18.8m associated with its reallocation of Management and General costs apportioned across the whole programme.

Investment of £71.3m within the Network Plus Sewage Treatment price control is split between £58.5m of investment that is directly, with the remaining £12.8m associated with its reallocation of Management and General costs apportioned across the whole programme.

Investment of £19m within the Bioresources price control is split between £14.6m of investment that is directly allocated, with the remaining £4.4m associated with its reallocation of Management and General costs apportioned across the whole programme.

Base Expenditure – wastewater Network Plus and bioresources

Table 4K splits out the base expenditure in **Table 4E**. For more information on year on year variances refer to the commentary for **Table 2B**, **4E** or our Accounting Separation Methodology.

Costs associated with Traffic Management Act compliance are in line with previous years.

Table 4K requires Yorkshire Water to shadow report the cost to wastewater Network Plus of purchasing energy from bioresources, as well as to report income received by the bioresources price control associated with this transfer. As per the guidance in RAG 2, the price used is the price to purchase energy from the national electricity/gas network (the grid).

Table 4L

Enhancement expenditure for the 12 months ended 31 March 2023 – water resources and water Network Plus

Due to the size of the data table, we have published Table 4L separately on our website here:
yorkshirewater.com/about-us/reports/

Capital Expenditure

The water Network Plus enhancement capital expenditure in the current report year totals £41.9m against a final determination of £31.7m. There is £40.3m of direct allocation and £1.6m associated with its reallocation of Management and General costs apportioned across the whole programme.

The water resources enhancement capital expenditure in the current report year totals £7.95m against a final determination of £10.5m. There is £7.95m of direct allocation and £0.04m associated with its reallocation of Management and General costs apportioned across the whole programme.

We have included 1 free-form line, 4L.100 – COVID-19 capital costs. This was created in 2020/2021 to show enhancement expenditure that was due to COVID-19 delays. We have no costs assigned here this year, however we shown the expenditure from 2020/2021 within the cumulative column.

Regulatory obligations delivered within the reporting year

There was 1 regulatory obligations relating to our wholesale water resources and water Network Plus programme due for completion within the reporting year. All AMP7 Water WINEP and DWI regulatory obligations are forecast to be completed before or in line with their corresponding compliance dates.

Opex

We have reported £nil Opex cost for enhancement expenditure as enhanced capital expenditure has just started. These costs are expected to increase through AMP 7.

Table 4M

Enhancement expenditure for the 12 months ended 31 March 2023 – wastewater Network Plus and bioresources

Due to the size of the data table, we have published Table 4M separately on our website here:
yorkshirewater.com/about-us/reports/

Capital Expenditure

The wastewater Network Plus enhancement capital expenditure in the current report year totals £106.1m against a final determination of £184.7m. There is £105.3m of direct allocation and £0.7m associated with its reallocation of Management and General costs apportioned across the whole programme.

The delay on spend is due to our continued focus on driving efficiencies to deliver the WINEP quality programme within the Final Determination funding, further work in ongoing, by our Strategic Planning Partner Stantec, to ensure that the best overall Totex solutions are promoted. Despite the delay we are confident that no regulatory compliance dates have been put at risk, as we are forecasting to meet corresponding regulatory dates.

The bioresources enhancement capital expenditure in the current report year totals £1.7m. There is £1.6m of direct allocation and £0.1m associated with its reallocation of Management and General costs apportioned across the whole programme.

Regulatory obligations delivered within the reporting year

We have achieved 178 regulatory outputs within the year. All AMP7 Wastewater WINEP regulatory obligations are forecast to be completed before or in line with their corresponding compliance dates.

Opex

There are minimal Opex cost for enhancement expenditure as enhanced capital expenditure has just started. These costs are expected to increase during AMP 7.

Please note the operating expenditure reported against Phosphorous Removal (4M.36) for 2021/2022 has been updated. We have incorporated the additional costs within the cumulative figures.

Table 4N

Developer services expenditure for the 12 months ended 31 March 2023 – water Network Plus (price control)

			Water Network Plus			
			Treated water distribution			
Line description	Units	DPs	Capex	Opex	Totex	RAG 4 reference
New connections	£m	3	7.934	0.000	7.934	4N.1
Requisition mains	£m	3	9.125	0.000	9.125	4N.2
Infrastructure network reinforcement	£m	3	7.838	0.000	7.838	4N.3
s185 diversions	£m	3	2.121	0.000	2.121	4N.4
Other price controlled activities	£m	3	0.000	0.000	0.000	4N.5
Total developer services expenditure	£m	3	27.018	0.000	27.018	4N.6

Capital Expenditure

Developer services expenditure associated with the wholesale water programme in the current report year total £27m which is all reported in the above table under the Water Network Plus Treated water distribution price control.

Income totalling £14.9m has been received and reported within Table 2E.

Opex

The majority of our developer services costs are of a capital nature and minimise the requirements for Opex costs.

Key
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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 40

Developer services expenditure for the 12 months ended 31 March 2023 – wastewater Network Plus and bioresources

			Wastewater Network Plus						
Line description	Units	DPs	Foul	Surface water drainage	Highway drainage	Sewage treatment and disposal	Sludge liquor treatment	Total	RAG 4 reference
Capex									
New connections	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	40.1
Requisition sewers	£m	3	1.471	0.407	0.066	0.000	0.000	1.944	40.2
Infrastructure network reinforcement	£m	3	0.624	0.031	0.009	0.000	0.000	0.663	40.3
s185 diversions	£m	3	2.319	0.702	0.191	0.000	0.000	3.212	40.4
Other price controlled activities	£m	3	0.000	0.000	0.000	0.078	0.000	0.078	40.5
Total total developer services Capex	£m	3	4.414	1.140	0.266	0.078	0.000	5.898	40.6
Opex									
New connections	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	40.7
Requisition sewers	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	40.8
Infrastructure network reinforcement	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	40.9
s185 diversions	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	40.10
Other price controlled activities	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	40.11
Total developer services Opex	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	40.12
Totex									
Total developer services expenditure	£m	3	4.414	1.140	0.266	0.078	0.000	5.898	40.13

Capital Expenditure

Developer services expenditure associated with the wholesale wastewater programme in the current report year total £5.9m which is all reported in the above table under the Wastewater Network Plus price control.

Income totalling £8.3m has been received and reported within Table 2E.

Opex

The majority of our developer services costs are of a capital nature and minimise the requirements for Opex costs. Yorkshire Water does not undertake the laying and construction of sewer connections, as we do not exercise our powers under S107. Therefore, line 40.7 to 40.12 is a nil return.

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 4P

Expenditure on non-price control diversions for the 12 months ended 31 March 2023

Line description	Units	DPs	Water resources	Water Network Plus	Wastewater Network Plus	Total	RAG 4 reference
Capex							
Capex associated with NSWRA diversions	£m	3	0.000	1.146	0.002	1.148	4P.1
Capex associated with other non-price control diversions	£m	3	0.000	0.537	0.000	0.537	4P.2
Other developer services non-price control Capex	£m	3	0.000	0.000	0.000	0.000	4P.3
Developer services non-price control Capex	£m	3	0.000	1.683	0.002	1.685	4P.4
Opex							
Opex associated with NSWRA diversions	£m	3	0.000	0.000	0.000	0.000	4P.5
Opex associated with other non-price control diversions	£m	3	0.000	0.000	0.000	0.000	4P.6
Other developer services non-price control Opex	£m	3	0.000	0.000	0.000	0.000	4P.7
Developer services non-price control Opex	£m	3	0.000	0.000	0.000	0.000	4P.8
Totex							
Costs associated with NSWRA diversions	£m	3	0.000	1.146	0.002	1.148	4P.9
Costs associated with other non-price control diversions	£m	3	0.000	0.537	0.000	0.537	4P.10
Other developer services non-price control totex	£m	3	0.000	0.000	0.000	0.000	4P.11
Developer services non-price control totex	£m	3	0.000	1.683	0.002	1.685	4P.12

Capital Expenditure

Expenditure on non-price control diversions with the wholesale programme in the current report year totals £1.7m.

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 4Q
Developer services – New connections, properties and mains

Line description	Units	DPs	Water	Wastewater	Total	RAG 4 reference
Connections volume data						
New connections (residential – excluding NAVs)	nr	0	10142	7913	18055	4Q.1
New connections (business – excluding NAVs)	nr	0	546	805	1351	4Q.2
Total new connections served by incumbent	nr	0	10688	8718	19406	4Q.3
New connections – SLPs	nr	0	4416			4Q.4
Properties volume data						
New properties (residential - excluding NAVs)	nr	0	12693	8533	21226	4Q.5
New properties (business - excluding NAVs)	nr	0	1020	800	1820	4Q.6
Total new properties served by incumbent	nr	0	13713	9333	23046	4Q.7
New residential properties served by NAVs	nr	0	2330	597	2927	4Q.8
New business properties served by NAVs	nr	0	4	0	4	4Q.9
Total new properties served by NAVs	nr	0	2334	597	2931	4Q.10
Total new properties	nr	0	16047	9930	25977	4Q.11
New properties – SLP connections	nr	0	4514			4Q.12
New water mains data						
Length of new mains (km) - requisitions	nr	0	37			4Q.13
Length of new mains (km) - SLPs	nr	0	49			4Q.14

Key
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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

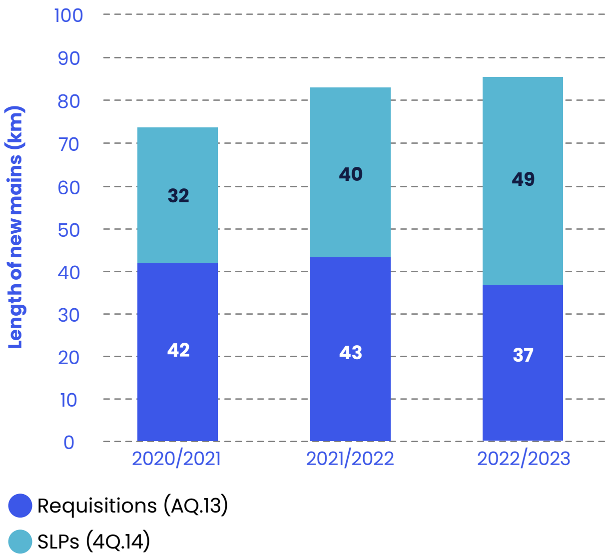
4Q.1-4Q.12: The below table shows you how each Data Item between 4Q.1 and 4Q.12 has progressed through this AMP period so far (2020/2021-2022/2023).

APR Data Item	2020/ 2021	2021/ 2022	Variance from previous year	2022/ 2023	Variance from previous year 2
4Q.1	10,738	21,293	50%	18,055	-18%
4Q.2	483	1,749	72%	1,351	-29%
4Q.3	11,221	23,042	51%	19,406	-19%
4Q.4	2,845	3,803	25%	4,416	14%
4Q.5	20,339	21,139	4%	21,226	0%
4Q.6	938	1,830	49%	1,820	-1%
4Q.7	21,277	22,969	7%	23,046	0%
4Q.8	324	1,116	71%	2,927	62%
4Q.9	0	4	100%	4	0%
4Q.10	324	1,120	71%	2,931	62%
4Q.11	21,601	24,089	10%	25,977	7%
4Q.12	2,845	3,803	25%	4,514	16%

The increases we saw between 2020/2021 and 2021/2022, were mainly attributed to the impacts of COVID-19. Developers and Self-Lay Providers (SLP) were recovering from restricted activities in 2020/2021 due to national lockdowns and social distancing restrictions, along with several health and safety measures being introduced too. This meant the 2020/2021 volumes were lower than expected, and 2021/2022 were slightly inflated. As 2022/2023 returns to a more expected volumes, the inflated volumes in 2021/2022 mean we now see a percentage reduction in comparison with that year. The exception to this is the 62% growth in New Appointments & Variations (NAVs), which continues to grow year on year as this market continues to make an impression in our region. NAVs is a relatively new concept which we expect to see continue to increase. Much more information on NAVs can be found here:

ofwat.gov.uk/regulated-companies/markets/nav-market/

4Q.13 & 4Q.14: The below chart shows how our 'Length of new mains (km)' split by requisitions and SLPs has progressed so far this AMP:



Year on year, there is gradual growth seen as we continue to develop the network in our region, seeing an 11.5% increase between 2020/2021 and 2021/2022, and 3.5% growth between 2021/2022 and 2022/2023. The similar impacts as stated above for 4Q.1-4Q.12 relating to COVID-19, is also felt here, which is why the increase is higher between Year 1 and 2. Overall, these numbers are now where we expect them to be and we expect a similar increase next year.

Table 4R

Connected properties, customers and population

Line description	Units	DPs	Unmeasured	Measured	Total	Voids	RAG 4 reference
Customer numbers - average during the year							
Residential water only customers	000s	3	52.469	61.436	113.905	4.096	4R.1
Residential wastewater only customers	000s	3	56.302	66.352	122.654	4.169	4R.2
Residential water and wastewater customers	000s	3	820.108	1218.064	2038.172	76.796	4R.3
Total residential customers	000s	3	928.879	1345.852	2274.731	85.061	4R.4
Business water only customers	000s	3	0.878	23.209	24.087	2.607	4R.5
Business wastewater only customers	000s	3	1.994	3.916	5.910	1.613	4R.6
Business water & wastewater customers	000s	3	12.290	81.159	93.449	19.534	4R.7
Total business customers	000s	3	15.162	108.284	123.446	23.754	4R.8
Total customers	000s	3	944.041	1454.136	2398.177	108.815	4R.9

			Water			Wastewater			
Line description	Units	DPs	Un-measured	Measured	Total	Un-measured	Measured	Total	RAG 4 reference
Property numbers - average during the year									
Residential properties billed	000s	3	872.577	1279.500	2152.077	876.410	1284.416	2160.826	4R.10
Residential void properties	000s	3			80.892			80.965	4R.11
Total connected residential properties	000s	3			2232.969			2241.791	4R.12
Business properties billed	000s	3	13.168	104.368	117.536	14.284	85.076	99.360	4R.13
Business void properties	000s	3			22.141			21.148	4R.14
Total connected business properties	000s	3			139.677			120.508	4R.15
Total connected properties	000s	3			2372.646			2362.299	4R.16

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 4R – Continued

Connected properties, customers and population

			Water																
			Unmeasured						Measured						Unbilled				
Line description	Units	DPs	No meter	Basic meter	AMR meter	AMI meter (capable)	AMI meter (active)	Total	No meter	Basic meter	AMR meter	AMI meter (capable)	AMI meter (active)	Total	Un-economic to bill	Other	Total	Total	RAG 4 reference
Property and meter numbers - at end of year (31 March)																			
Total new residential properties connected in year	000s	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	16.430	0.303	0.190	16.923				16.923	4R.17
Total number of new business properties connections	000s	3	0.106	0.000	0.000	0.000	0.000	0.106	0.000	0.092	0.951	0.000	0.020	1.063				1.169	4R.18
Residential properties billed at year end	000s	3	859.585	0.185	2.948	0.000	0.000	862.718	0.000	188.792	1106.689	0.830	1.010	1297.321				2160.039	4R.19
Residential properties unbilled at year end	000s	3													0.000	0.000	0.000	0.000	4R.20
Residential void properties at year end	000s	3						37.928						41.806				79.734	4R.21
Total connected residential properties at year end	000s	3						900.646						1339.127				2239.773	4R.22
Business properties billed at year end	000s	3	12.943	0.048	0.037	0.000	0.000	13.028	0.010	31.599	72.404	0.000	0.173	104.186				117.214	4R.23
Business properties unbilled at year end	000s	3													0.000	0.106	0.106	0.106	4R.24
Business void properties at year end	000s	3						5.647						16.718				22.365	4R.25
Total connected business properties at year end	000s	3						18.675						120.904				139.685	4R.26
Total connected properties at year end	000s	3						919.321						1460.031				2379.458	4R.27

Key

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Table 4R – Continued

Connected properties, customers and population

Line description	Units	DPs	Water	Wastewater	RAG 4 reference
Population data					
Resident population	000s	3	5499.776	5521.599	4R.28
Non-resident population (wastewater)	000s	3		129.550	4R.29

			Water			RAG 4 reference
Line description	Units	DPs	Resident population	Non-resident population	Total	
Household population data						
Household population	000s	3	5414.792	0.000	5414.792	4R.30
Household measured population (water only)	000s	3	3005.512	0.000	3005.512	4R.31
Household unmeasured population (water only)	000s	3	2409.279	0.000	2409.279	4R.32

Key

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4R.1-4: Total residential customers have increased by 1.0%, 21,780. Voids have decreased by 4%, 3,361.

In year new connections appear to remain in line with previous years and whilst we continue to focus on managing void properties the level appears to have reached a 'natural' level.

4R.5-8: In 2022/2023 we have seen a decrease in the number of water and both water and wastewater properties by circa 125, however there was an increase in wastewater only customers of 39 properties. This means that overall occupied properties were down by 86.

4R.9-12: Unmeasured residential customers have reduced by 1.5%, 14,583 with voids decreasing by 5.3%, 2,305. The reduction is due to customers switching to metered accounts.

Measured residential customers have increased by 2.8%, 36,362 with voids decreasing 2.4%, 1,055. The increase is due to customers switching from unmeasured accounts and new connections.

4R.13-15: For 2022/2023 we have seen business billed properties drop by circa 60. However, the void properties have remained at a very similar amount, dropping by just 1 property. The overall total business properties connected has therefore dropped by 58 properties.

4R.17-18: For residential and business customers, new connection volumes have returned to pre-COVID levels which is encouraging to see. We expect this to remain the case moving forward into the rest of this AMP period.

4R.19: Total residential customers have increased by 1.0%, 21,964.

In year new connections appear to remain in line with previous years and whilst we continue to focus on managing void properties the level appears to have reached a 'natural' level.

4R.20: We do not have any unbilled residential customers.

4R.21: Voids have decreased by 3.8%, 3,214.

Whilst we continue to focus on managing void properties the level appears to have reached a 'natural' level.

4R.23-26: Overall, we have seen a reduction in the total business properties billed at year end of around 500. The main factor contributing to this reduction, is our void properties increasing by around 600 compared to 2021/2022. Unfortunately, we believe the cost of living crisis is seeing businesses struggle, meaning more and more are becoming empty/unbilled.

4R.28-29:

Water: The total water resident population for 2022/2023 is estimated at 5,499,776. This is an increase of 89,970 people, 1.7% since last year.

Wastewater: The total wastewater resident population (4R.28) for 2022/2023 is estimated at 5,521,599. This is an increase of 91,365 people, 1.7%, since last year.

The total wastewater non-resident population (4R.29) for 2022-23 is estimated at 129,550.

Both Water and Wastewater population for 2022-23 is in line with the 2021 ONS census estimate for Yorkshire and The Humber (source **ONS › Population Estimates**, June 2021). Note, the geographic areas are not identical and so the ONS data can only be used as a guide.

4R.30-32: The total water household population for 2022/2023 is estimated at 5,414,792. This is an increase of 88,997 people, 1.7%, since last year.

The total water household measured population for 2022/2023 is estimated at 3,005,512. This is an increase of 86,055 people, 2.9%, since last year.

The total water household unmeasured population for 2022/2023 is estimated at 2,409,279. This is an increase of 2,942 people, 0.1%, since last year.

Table 4V

Mark-to-market of financial derivatives analysed based on payment dates

			Derivatives - Analysed by earliest payment date				Derivatives - Analysed by expected maturity date				
Line description	Units	DPs	Net settled	Gross Settled outflows	Gross Settled inflows	Total	Net settled	Gross Settled outflows	Gross Settled inflows	Total	RAG 4 reference
Due within one year	£m	3	-1.037	149.062	-172.496	-24.471	-1.037	149.062	-172.496	-24.471	4V.1
Between one and two years	£m	3	5.801	0.000	0.000	5.801	5.801	0.000	0.000	5.801	4V.2
Between two and three years	£m	3	166.097	0.000	0.000	166.097	166.097	0.000	0.000	166.097	4V.3
Between three and four years	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4V.4
Between four and five years	£m	3	194.613	0.000	0.000	194.613	194.613	0.000	0.000	194.613	4V.5
After five years	£m	3	1,637.873	116.406	-90.160	1,664.119	1,637.873	116.406	-90.160	1,664.119	4V.6
Total	£m	3	2,003.347	265.468	-262.656	2,006.159	2,003.347	265.468	-262.656	2,006.159	4V.7

Financial derivatives

Table 4V provides an analysis of the mark-to-market of Yorkshire Water's portfolio of financial derivatives analysed by payment date.

Yorkshire Water has swaps with a total nominal value of £292.5m that include Mandatory Break clauses in their terms. Whilst Yorkshire Water has a successful track record of extending Mandatory Breaks ahead of them being reached, it is prudently assumed in Table 4V, consistent with **Table 4I**, that swaps will mature on their Mandatory Break date. This results in the analysis of derivatives by earliest payment date and expected maturity date being identical.

Out-of-the-money positions are presented as positive, in-the-money positions are presented as negative.

4V.3: Index Linked Swaps with mandatory breaks in 2025 (notional £23.4m) are included in **Table 4I** as being due within 1 to 2 years (ie. prudently assumes that matures on break dates). For consistency, it is assumed in Table 4V that the earliest payment date of these swaps is the same as the expected maturity date (ie. in both cases between 2 and 3 years being the mandatory break date).

4V.5: Index Linked Swaps with mandatory breaks in 2028 (notional £110.2m) are included in **Table 4I** as being due within 2 to 5 years (ie. prudently assumes that matures on break dates). For consistency, it is assumed in Table 4V that the earliest payment date of these swaps is the same as the expected maturity date (ie. in both cases between 4 and 5 years being the mandatory break date).

Key
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Table 4W

Defined Benefit Pension Scheme – Additional Information

Line description	Units	DPs	Defined benefit pension schemes: Pension scheme 1	Pension scheme 2	Pension s Scheme 3	RAG 4 reference
Scheme details						
Scheme name	Text	n/a	Kelda Group Pension Plan (KGPP)	n/a	n/a	4W.1
Scheme status	Text	n/a	"Closed to new members - Yes Closed to the accrual of future defined benefits - No"	n/a	n/a	4W.2
Scheme valuation under IAS/IFRS/FRS						
Scheme assets	£m	3	1,092.000	n/a	n/a	4W.3
Scheme liabilities	£m	3	1,040.800	n/a	n/a	4W.4
Scheme surplus/(deficit) Total	£m	3	51.200	n/a	n/a	4W.5
Scheme surplus/(deficit) Appointed business	£m	3	Nil - see notes	n/a	n/a	4W.6
Pension deficit recovery payments	£m	3	0.000	n/a	n/a	4W.7
Scheme valuation under part 3 of Pensions Act 2004						
Scheme funding valuation date	Date	n/a	31/03/2021	n/a	n/a	4W.8
Assets	£m	3	1,563.000	n/a	n/a	4W.9
Technical Provisions	£m	3	1,521.000	n/a	n/a	4W.10
Scheme surplus/(deficit)	£m	3	42.000	n/a	n/a	4W.11
Discount rate assumptions	Text	n/a	"Pre-retirement: Based on full gilt yield curve + 0.5% p.a. Post-retirement: Based on full gilt yield curve + 0.5% p.a."	n/a	n/a	4W.12
Recovery plan (where applicable)						
Recovery Plan Structure	Text	n/a	n/a for this valuation period	n/a	n/a	4W.13
Recovery plan end date	Date	n/a	n/a for this valuation period	n/a	n/a	4W.14
Asset Backed Funding (ABF) arrangements	Text	n/a	n/a for this valuation period	n/a	n/a	4W.15
Responsibility for ABF arrangements	Text	n/a	n/a for this valuation period	n/a	n/a	4W.16

Technical notes

Figures shown in 4W.3-7 relate to the overall group defined benefit pension scheme which sits outside the regulated entity in Kelda Group Ltd. The regulated entity, Yorkshire Water Services Ltd (YWS), is a participating member of this scheme. Therefore 4W.5 and 4W.11 do not tie back to Table 1C figures as per the RAG instructions as the 1C figures for YWS are £nil. Figures split into non-appointed and appointed businesses are not available, and figures shown are for the entire Kelda group.

4W.7: figure is £nil for 2022/2023 as deficit recovery payments ceased in 2021/2022. This agrees with the figure shown in Table 2B (line 2B.24). The figure excludes (£0.2m) of adjustments relating to unfunded pensions (EFurbs) and £0.2m of pension protection payments, with a net overall impact of £nil.

4W.8: date relates to the last triennial funding valuation, completed as at 31 March 2021 and agreed in June 2022. 4W.8-4W.12 relate to this valuation and are as reported in the draft table submitted with 2021/2022 figures.

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Table 5: Additional regulatory information – water resources

Introduction

The information in this section details 'Additional regulatory information' as required by Ofwat, with a brief description of significant variances compared to previous years. The information in this section comprises the following tables.

Table 5A

Water resources asset and volumes data for the 12 months ended 31 March 2023

Line description	Units	DPs	Input	RAG 4 reference
Water resources				
Water from impounding reservoirs	Ml/d	2	514.52	5A.1
Water from pumped storage reservoirs	Ml/d	2	5.33	5A.2
Water from river abstractions	Ml/d	2	524.76	5A.3
Water from groundwater works, excluding managed aquifer recharge (MAR) water supply schemes	Ml/d	2	269.10	5A.4
Water from artificial recharge (AR) water supply schemes	Ml/d	2	0.00	5A.5
Water from aquifer storage and recovery (ASR) water supply schemes	Ml/d	2	0.00	5A.6
Water from saline abstractions	Ml/d	2	0.00	5A.7
Water from water reuse schemes	Ml/d	2	0.00	5A.8
Number of impounding reservoirs	nr	0	42	5A.9
Number of pumped storage reservoirs	nr	0	4	5A.10
Number of river abstractions	nr	0	16	5A.11
Number of groundwater works excluding managed aquifer recharge (MAR) water supply schemes	nr	0	41	5A.12
Number of artificial recharge (AR) water supply schemes	nr	0	0	5A.13
Number of aquifer storage and recovery (ASR) water supply schemes	nr	0	0	5A.14
Number of saline abstraction schemes	nr	0	0	5A.15
Number of reuse schemes	nr	0	0	5A.16
Total number of sources	nr	0	103	5A.17
Total number of water reservoirs	nr	0	116	5A.18
Total volumetric capacity of water reservoirs	Ml	0	185169	5A.19
Total number of intake and source pumping stations	nr	0	80	5A.20
Total installed power capacity of intake and source pumping stations	kW	0	12597	5A.21
Total length of raw water abstraction mains and other conveyors	km	2	56.60	5A.22
Average pumping head – raw water abstraction	m.hd	2	12.39	5A.23
Energy consumption - water resources (MWh)	MWh	3	63,465.590	5A.24
Total number of raw water abstraction imports	nr	0	1	5A.25
Water imported from 3rd parties to raw water abstraction systems	Ml/d	2	5.75	5A.26
Total number of raw water abstraction exports	nr	0	0	5A.27
Water exported to 3rd parties from raw water abstraction systems	Ml/d	2	0.00	5A.28
Water resources capacity (measured using water resources yield)	Ml/d	2	1654.11	5A.29
Total number of completed investigations (WINEP/NEP), cumulative for AMP	nr	0	31	5A.30

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

The below table shows how **5A.1-5A.8** has been reported so far this AMP (2020/2021 to 2022/2023).

APR Data Line		5A.1	5A.2	5A.3	5A.4	5A.5	5A.6	5A.7	5A.8		
AMP	Year	Impounding Reservoirs	Pumped Storage Reservoirs	River Abstractions	Groundwater works	Artificial Recharge (AR)	Aquifer storage and recovery (ASR)	Saline Abstractions	Water Reuse Schemes	Total abstraction own licences	Total abstraction including bulk supply
		Ml/d	Ml/d	Ml/d	Ml/d	Ml/d	Ml/d	Ml/d	Ml/d	Ml/d	Ml/d
AMP7	2020/ 2021	574.05	7.73	459.31	274.23	0.00	0.00	0.00	0.00	1257.99	1315.32
	2021/ 2022	557.57	6.11	496.67	278.75	0.00	0.00	0.00	0.00	1285.78	1339.10
	2022/ 2023	514.52	5.33	524.76	269.10	0.00	0.00	0.00	0.00	1284.82	1313.70

We have 111 abstraction licences authorising abstraction from sources across the Yorkshire region. We are required to report the quantities abstracted annually to the Environment Agency, in April, for the financial reporting year. The reported data to the Environment Agency informs these lines.

We only abstract water from impounding reservoirs, pumped storage reservoirs, rivers and groundwater. We have one aquifer storage and recovery (ASR) scheme abstraction licence at Loftsome Bridge, this was an experimental scheme and has not been actively used for several years. We do not take any water from artificial recharge, saline or reuse schemes.

Each abstraction licence has one or more flow meters recording 15-minute data to produce a daily average, linked to our telemetry system, with the data stored on our Regional Operations Database (ROD). Abstraction data within ROD is checked and validated monthly. The flow meters are included in our regional meter maintenance and calibration programme for either yearly or two-yearly frequency of calibration (yearly if volumes are above 10 Ml/d, two-yearly if not).

5A.9-17: In 2021/2022 we reported 39 impounding reservoirs, however in 2022/2023 we are now reporting 42 impounding reservoirs this is due to including the sources listed below:

- **BROADSTONES/ESR**, does not have an abstraction licence, but it is counted as a source because it has more than 15 days of storage.
- **WHINNY GILL/IRE**, this reservoir has an abstraction licence (Whinny Gill & Jenny Gill Reservoirs), and we abstracted 55,125 m3 in 2022/2023. This reservoir was previously discounted as a source because it was not in use.
- **WHITLEY/ESR**, does not have an abstraction licence, but it is counted as a source because it has a natural catchment.

In 2021/2022 we reported 4 pumped storage reservoirs and 16 river abstractions, in 2022/2023 there have been no changes to this list of assets.

In 2021/2022 we reported 40 groundwater sources, however in 2022/2023 we are now reporting 41 groundwater sources, this is due changes with sources listed below:

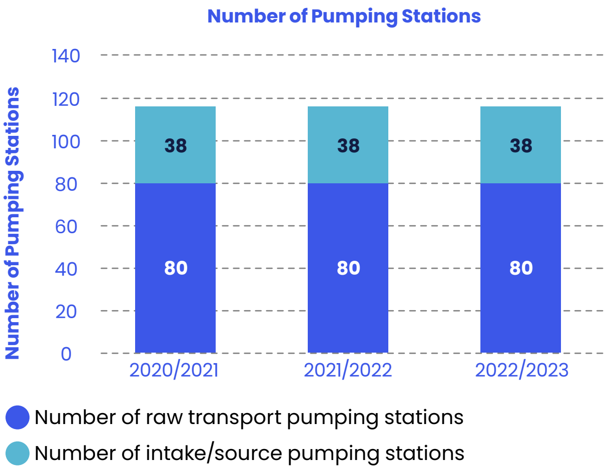
- **Bellerby SPR** has been counted as a source in 2022/2023, but it was counted in 2021/2022 as asset was not in use that year.

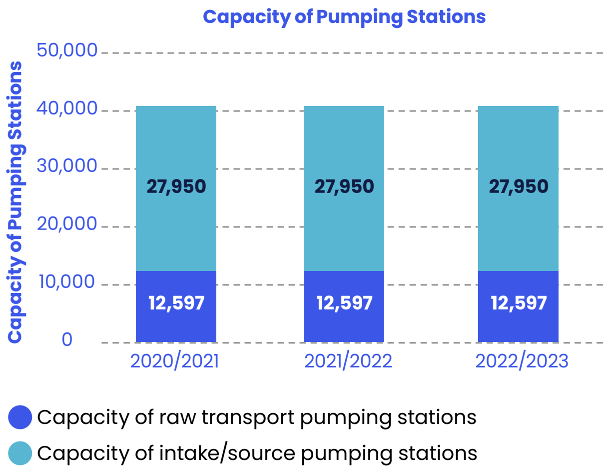
The below table shows how **5A.18 & 5A.19** has been reported so far this AMP (2020/2021 to 2022/2023), with balancing reservoirs being reported within **Table 6A**.

APR Data Line		5A.18	5A.19	6A.1	6A.2
AMP	Year	Total number of water reservoirs	Total volumetric capacity of water reservoirs	Total number of balancing reservoirs	Total volumetric capacity of balancing reservoirs
		nr	Ml	nr	Ml
AMP7	2020/ 2021	116	183,495	13	3,836
	2021/ 2022	118	185,178	11	2,153
	2022/ 2023	116	185,169	11	2,153

During 2022/2023, Beaver Dyke IRE and Oakdale Upper IRE changed asset status from operational to decommissioned. Therefore, the total number of resource reservoirs decreased by two and the total capacity of resource reservoirs decreased by 9.5Ml (Beaver Dyke IRE has a capacity of 5 Ml and Oakdale Upper has a capacity of 4.5Ml).

The below chart shows how **5A.20 & 5A.21** with Raw transport being reported within **Table 6A**.





As the chart shows, the volumes have remained consistent so far this AMP period (2020/2021 to 2022/2023).

5A.23: During 2021/2022, we implemented a new methodology for reporting against this item. We are pleased to say that this new process means the Raw Water Abstraction and Raw Water Treatment price controls use 100% measured data, as opposed to using averages within the calculations. There has been minimal change in the number of measured sites this year.

5A.24: Like 2021/2022, the reported values for 2022/2023 remain in line with expectation

The below table shows how 5A.25 to 5A.28 has been reported so far this AMP (2020/2021 to 2022/2023), with Raw Water Transport and Water Treatment being reported within **Table 6A**, and Water Distribution reported within **Table 6B.**

Table	5A	5A	5A	5A	6A	6A	6A	6A	6A	6A	6A	6A	6B	6B	6B	6B
Line	25	26	27	28	8	9	10	11	36	37	38	39	25	26	27	28
Year	Raw Water Abstraction				Raw Water Transport				Water Treatment				Water Distribution			
	Imports		Exports		Imports		Exports		Imports		Exports		Imports		Exports	
	nr	Ml/d	nr	Ml/d	nr	Ml/d	nr	Ml/d	nr	Ml/d	nr	Ml/d	nr	Ml/d	nr	Ml/d
2020/2021	1	0.00	0	0.00	1	57.33	1	3.08	0	0.00	0	0.00	0	0.00	3	0.36
2021/2022	1	0.00	0	0.00	1	53.32	1	4.05	0	0.00	0	0.00	0	0.00	4	0.56
2022/2023	1	0.00	0	0.00	1	43.07	1	2.50	0	0.00	0	0.00	0	0.00	5	1.03

There is one raw water abstraction import. Small volumes of water can be imported from the Canal & River Trust (CRT) as part of the Scammonden Agreement. This is a historic agreement dating back to 1965 and covers the water contained within CRT's March Haigh, Redbrook, Swellands and Tunnel End reservoirs near Marsden. These reservoirs can directly discharge water via overland watercourses into our catchwaters and into Butterley reservoir, when requested. The import is only requested very occasionally in dry weather conditions. The last time it was used was in the dry summer of 2018.

5A.29: This line represents the company level water resources capacity, as the sum of all company water resource zones (WRZs) across all of its licensed areas. Capacity is measured in terms of water resources yield which captures the average volume of water available from the environment and constrained by water resources control assets.

This year the value for the Grid Surface Water Zone is 1639.61 Ml/, a decrease of 2.81 Ml/d from last year's value of 1642.42 Ml/d. This decrease is due to the assumed yearly reduction due to the impact of climate change. This value includes the raw water import from Severn Trent Water and the treated water exports to Anglian Water, Severn Trent Water and NAVs.

The value for the Yorkshire Water Region is 1654.11 Ml/d. This is the sum of the Grid zone, including imports and exports, and the East SWZ.

5A.30: We have completed 29 of our WINEP obligations year to date and have a further 79 to complete by end of AMP7 (2024/2025).

Table 5B

Water resources operating cost analysis for the 12 months ended 31 March 2023

Line description	Units	DPs	Impounding Reservoir	Pumped Storage	River Abstractions	Ground-water, excluding MAR water supply schemes	Artificial Recharge (AR) water supply schemes	Aquifer Storage and Recovery (ASR) water supply schemes	Other	Total	RAG 4 reference
Power	£m	3	0.136	0.007	0.323	4.748	0.000	0.000	0.000	5.215	5B.1
Income treated as negative expenditure	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	5B.2
Abstraction charges/discharge consents	£m	3	4.332	0.000	3.477	2.420	0.000	0.000	0.000	10.229	5B.3
Bulk supply	£m	3	4.082	0.000	0.000	0.000	0.000	0.000	0.000	4.082	5B.4
Other operating expenditure											
Renewals expensed in year (Infrastructure)	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	5B.5
Renewals expensed in year (Non-Infrastructure)	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	5B.6
Other operating expenditure excluding renewals	£m	3	6.463	0.006	5.187	3.610	0.000	0.000	0.000	15.265	5B.7
Local authority and Cumulo rates	£m	3	3.355	0.000	2.692	1.874	0.000	0.000	0.000	7.921	5B.8
Total operating expenditure (excluding 3rd party)	£m	3	18.368	0.013	11.678	12.652	0.000	0.000	0.000	42.711	5B.9

Operating cost analysis – water resources

This table is a further disaggregation of water resources data contained within **Table 4D** and reconciles to line 4.

To allocate these costs, all relevant assets were classified according to the tables in line with RAG 4.11.

Total operating costs for water resources price control have increased in 2022/2023. For more information on year on year variances refer to the commentary for **Table 2B**, **4D** or within the Accounting Separation Methodology.

Key

Input cell Calculation cell Copy cell

Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 6: Additional regulatory information – water Network Plus

Introduction

The information in this section details 'Additional regulatory information – water Network Plus' as required by Ofwat, with a brief description of significant variances compared to previous years. The information in this section comprises the following tables:

Pro forma 6A	Raw water transport, raw water storage and water treatment data for the 12 months ended 31 March 2023
Pro forma 6B	Treated water distribution – assets and operations for the 12 months ended 31 March 2023
Pro forma 6C	Water Network Plus – Mains, communication pipes and other data for the 12 months ended 31 March 2023
Pro forma 6D	Demand management – Metering and leakage activities for the 12 months ended 31 March 2023
Pro forma 6F	WRMP annual reporting on delivery – non-leakage activities

Table 6A

Raw water transport, raw water storage and water treatment data for the 12 months ended 31 March 2023

Line description	Units	DPs	Input	RAG 4 reference
Raw water transport and storage				
Total number of balancing reservoirs	nr	0	11	6A.1
Total volumetric capacity of balancing reservoirs	Ml	0	2153	6A.2
Total number of raw water transport stations	nr	0	38	6A.3
Total installed power capacity of raw water transport pumping stations	kW	0	27950	6A.4
Total length of raw water transport mains and other conveyors	km	2	1412.92	6A.5
Average pumping head – raw water transport	m.hd	2	24.44	6A.6
Energy consumption – raw water transport (MWh)	MWh	3	44,628.326	6A.7
Total number of raw water transport imports	nr	0	1	6A.8
Water imported from 3rd parties to raw water transport systems	Ml/d	2	43.07	6A.9
Total number of raw water transport exports	nr	0	1	6A.10
Water exported to 3rd parties from raw water transport systems	Ml/d	2	2.50	6A.11
Total length of raw and pre-treated (non-potable) water transport mains for supplying customers	km	2	0.00	6A.12

Water treatment - treatment type analysis	Surface water		Ground water		
	Water treated	Number of works	Water treated	Number of works	
Units DPs	Ml/d 2	nr 0	Ml/d 2	nr 0	RAG 4 reference
All simple disinfection works	0.00	0	3.73	1	6A.13
W1 works	0.00	0	0.00	0	6A.14
W2 works	0.00	0	50.38	13	6A.15
W3 works	395.82	12	0.42	1	6A.16
W4 works	210.02	8	123.52	7	6A.17
W5 works	409.26	7	71.38	1	6A.18
W6 works	0.00	0	0.00	0	6A.19

Water treatment - works size	% of total	Number of works	RAG 4 reference
Units DPs	DI 1	nr 0	
WTWs in size band 1	0.3	7	6A.20
WTWs in size band 2	0.8	3	6A.21
WTWs in size band 3	4.4	9	6A.22
WTWs in size band 4	5.9	6	6A.23
WTWs in size band 5	21.4	12	6A.24
WTWs in size band 6	31.5	9	6A.25
WTWs in size band 7	11.2	2	6A.26
WTWs in size band 8	24.5	2	6A.27

Key

Input cell Calculation cell Copy cell

Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 6A – Continued

Raw water transport, raw water storage and water treatment data for the 12 months ended 31 March 2023

Line description	Units	DPs	Input	RAG 4 reference
Water treatment - other information				
Peak week production capacity (PWPC)	Ml/d	2	1427.39	6A.28
Total peak week production capacity (PWPC) having enhancement expenditure for grey solution improvements to address raw water quality deterioration	Ml/d	2	0.00	6A.29
Total peak week production capacity (PWPC) having enhancement expenditure for green solutions improvements to address raw water quality deterioration	Ml/d	2	0.00	6A.30
Total water treated at more than one type of works	Ml/d	2	0.00	6A.31
Number of treatment works requiring remedial action because of raw water deterioration	nr	0	1	6A.32
Zonal population receiving water treated with orthophosphate	000's	3	5414.792	6A.33
Average pumping head – water treatment	m.hd	2	13.94	6A.34
Energy consumption - water treatment (MWh)	MWh	3	81,376.726	6A.35
Total number of water treatment imports	nr	0	0	6A.36
Water imported from 3rd parties to water treatment works	Ml/d	2	0.00	6A.37
Total number of water treatment exports	nr	0	0	6A.38
Water exported to 3rd parties from water treatment works	Ml/d	2	0.00	6A.39

6A.1-5: The reported values against these Data Items have all remained consistent with 2021/2022 reported values.

6A.6: We have seen an increase of 11.1% when comparing the reported value here, against our 2021/2022 value. However, our reservoir stocks have refilled over the winter, so provided we don't experience another drought this coming summer, we would expect this to decrease in 2023/2024 and return to a similar value to 2021/2022.

6A.7: The annual reportable energy consumption for clean water has remained in line with expectations, seeing just an 0.8% reduction overall when compared to 2021/2022.

6A.8 & 9: There is one raw water transport import, this is the bulk supply import from Severn Trent's Ladybower reservoir to our Rivelin Lower reservoir. The volume reported is estimated from meter reading data.

6A.10 & 11: There is one raw water transport export which is part of our Scammonden Agreement. Under this agreement, small volumes of water are sent to Huddersfield Narrow Canal in Marsden, mainly for topping up the canal during boating season. The supply to the canal is metered and the daily registered volumes are used to report here. The volumes reported are in line with expectations.

6A.12: The reported value against this Data Items has remained consistent with 2021/2022 reported values.

6A.13-19: In 2022-23 one new treatment process has been installed and commissioned:

- **Sladen Valley WTW**, had a DWI scheme to install MIEX for organics (colour) removal. A MIEX scheme is classified as a high complex treatment process, therefore this has changed Sladen Valley WTW type from W3 to W4.

Key

Input cell Calculation cell Copy cell

Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

The data review has led to a few adjustments to the WTW types:

- **Ainderby WTW**, in previous years this WTW has been classed as W2, but on reflection this WTW only provides sodium hypochlorite dosing, this would mean it should be classified as SD.
- **Catterick WTW**, in previous years this WTW has been classed as W2, however Catterick had UV installed in back end of AMP5 following it being declassified from a pristine BHS which meant it required a disinfection process. It is the only treatment process on site other than precautionary chlorination for distribution protection. UV treatment is a high cost process, therefore this WTW should be classified as W4.
- **High Shaw WTW**, in previous years this WTW has been classed as W3, however it only has slow sand filtration, sodium hypochlorite dosing and monosodium orthophosphate dosing. This is only one stage of complex physical or chemical treatment, which means we would classify it as W2.
- **Mill Lane WTW**, in previous years this WTW has been classed as W3. However, the WTW has a Cartridge Filter system for particulate removal (the filter cartridges are low maintenance disposable units which are replaced on a 6-12 monthly basis, which was installed in AMP6. The system was designed as semi-permanent system until the root cause was resolved. Mill Lane WTW also has a disinfection process (chlorine dosing and contact tank). Membrane filtration is a high cost treatment, therefore this WTW should be classified a W4 (as shown in Figure 4).

Finally, we have two non-operational, unused WTW, however, as they have not been decommissioned, there is potential for them to come back into service so in accordance with the guidance (RAG 4.11 6.3 Companies should include water treatment works that have not been used in the year but have not been decommissioned and state in their commentary any instances where this is the case) they have been included:

- **Littleworth WTW**, is not operational, but still included in the WTW count.
- **North Newbald** WTW, is not operational, but is still included in the WTW count.

6A.20-27: WTW band is based on the distribution input at each WTW in comparison to the size band ranges. Some WTWs operate close to the band boundaries which explains the occasional shift in bands. We operate a Grid system so fluctuations in outputs are normal. It is not unusual for fluctuations greater than 10% to occur and these could arise for a number of reasons e.g. ,water quality, customer demand, energy or chemical optimisation, capital schemes, planned and unplanned outages etc.

6A.28: Our Peak Week Production Capacity (PWPC) of **1,427.39 Ml/d**, occurred from 15th July to 21st July 2022.

6A.29-31: These items are zero inputs for 2022/2023.

6A.32: The planned scheme at Sladen Valley WTW, due by 30/03/2023, was successfully completed on 30/03/2023.

6A.33: 100% of the zonal population supplied by the company received water dosed with orthophosphate. The variation in total population from year to is due to changes in population supplied as noted in **Table 4R Line 30**. The dose of orthophosphate may vary regionally but the dose received is closely monitored and optimised where required.

6A.34 & 35: The figures reported here are fully in line with expected volumes.

6A.36- 39: There are no known water treatment imports or exports, Data Items entered as zero.

Table 6B

Treated water distribution – assets and operations for the 12 months ended 31 March 2023

Line description	Units	DPs	Input	RAG 4 reference
Assets and operations				
Total installed power capacity of potable water pumping stations	kW	0	73822	6B.1
Total volumetric capacity of service reservoirs	Ml	1	2845.8	6B.2
Total volumetric capacity of water towers	Ml	1	28.9	6B.3
Water delivered (non-potable)	Ml/d	2	0.00	6B.4
Water delivered (potable)	Ml/d	2	1047.50	6B.5
Water delivered (billed measured residential properties)	Ml/d	2	340.57	6B.6
Water delivered (billed measured businesses)	Ml/d	2	268.54	6B.7
Proportion of distribution input derived from impounding reservoirs	Propn 0 to 1	3	0.489	6B.8
Proportion of distribution input derived from pumped storage reservoirs	Propn 0 to 1	3	0.290	6B.9
Proportion of distribution input derived from river abstractions	Propn 0 to 1	3	0.025	6B.10
Proportion of distribution input derived from groundwater works, excluding managed aquifer recharge (MAR) water supply schemes	Propn 0 to 1	3	0.196	6B.11
Proportion of distribution input derived from artificial recharge (AR) water supply schemes	Propn 0 to 1	3	0.000	6B.12
Proportion of distribution input derived from aquifer storage and recovery (ASR) water supply schemes	Propn 0 to 1	3	0.000	6B.13
Proportion of distribution input derived from saline abstractions	Propn 0 to 1	3	0.000	6B.14
Proportion of distribution input derived from water reuse schemes	Propn 0 to 1	3	0.000	6B.15
Total number of potable water pumping stations that pump into and within the treated water distribution system	nr	0	502	6B.16
Number of potable water pumping stations delivering treated groundwater into the treated water distribution system	nr	0	23	6B.17
Number of potable water pumping stations delivering surface water into the treated water distribution system	nr	0	58	6B.18
Number of potable water pumping stations that re-pump water already within the treated water distribution system	nr	0	421	6B.19
Number of potable water pumping stations that pump water imported from a 3rd party supply into the treated water distribution system	nr	0	0	6B.20
Total number of service reservoirs	nr	0	395	6B.21
Number of water towers	nr	0	27	6B.22
Energy consumption – treated water distribution (MWh)	MWh	3	126,059.726	6B.23
Average pumping head – treated water distribution	m.hd	2	65.73	6B.24
Total number of treated water distribution imports	nr	0	0	6B.25
Water imported from 3rd parties to treated water distribution systems	Ml/d	2	0.00	6B.26
Total number of treated water distribution exports	nr	0	5	6B.27
Water exported to 3rd parties from treated water distribution systems	Ml/d	2	1.03	6B.28
Peak 7 day rolling average distribution input	Ml/d	2	1425.63	6B.29
Peak 7 day rolling average distribution input/annual average distribution input	%	2	112.83%	6B.30

Key

Input cell Calculation cell Copy cell

Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 6B – Continued

Treated water distribution – assets and operations for the 12 months ended 31 March 2023

Line description	Units	DPs	Input	RAG 4 reference
Water balance - company level				
Measured household consumption (excluding supply pipe leakage)	Ml/d	2	311.68	6B.31
Unmeasured household consumption (excluding supply pipe leakage)	Ml/d	2	359.07	6B.32
Measured non-household consumption (excluding supply pipe leakage)	Ml/d	2	266.17	6B.33
Unmeasured non-household consumption (excluding supply pipe leakage)	Ml/d	2	11.12	6B.34
Total annual leakage	Ml/d	2	282.78	6B.35
Distribution system operational use	Ml/d	2	2.28	6B.36
Water taken unbilled	Ml/d	2	27.69	6B.37
Distribution input	Ml/d	2	1260.78	6B.38
Distribution input (pre-MLE)	Ml/d	2	1263.52	6B.39
Water balance - region 1				
Measured household consumption (excluding supply pipe leakage)	Ml/d	2	0.00	6B.40
Unmeasured household consumption (excluding supply pipe leakage)	Ml/d	2	0.00	6B.41
Measured non-household consumption (excluding supply pipe leakage)	Ml/d	2	0.00	6B.42
Unmeasured non-household consumption (excluding supply pipe leakage)	Ml/d	2	0.00	6B.43
Total annual leakage	Ml/d	2	0.00	6B.44
Distribution system operational use	Ml/d	2	0.00	6B.45
Water taken unbilled	Ml/d	2	0.00	6B.46
Distribution input	Ml/d	2	0.00	6B.47
Distribution input (pre-MLE)	Ml/d	2	0.00	6B.48
Water balance - region 2				
Measured household consumption (excluding supply pipe leakage)	Ml/d	2	0.00	6B.49
Unmeasured household consumption (excluding supply pipe leakage)	Ml/d	2	0.00	6B.50
Measured non-household consumption (excluding supply pipe leakage)	Ml/d	2	0.00	6B.51
Unmeasured non-household consumption (excluding supply pipe leakage)	Ml/d	2	0.00	6B.52
Total annual leakage	Ml/d	2	0.00	6B.53
Distribution system operational use	Ml/d	2	0.00	6B.54
Water taken unbilled	Ml/d	2	0.00	6B.55
Distribution input	Ml/d	2	0.00	6B.56
Distribution input (pre-MLE)	Ml/d	2	0.00	6B.57

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 6B – Continued

Treated water distribution – assets and operations for the 12 months ended 31 March 2023

Line description	Units	DPs	Input	RAG 4 reference
Components of total leakage (post MLE) – company level				
Leakage upstream of DMA	Ml/d	2	36.21	6B.58
87 Distribution main losses	Ml/d	2	172.81	6B.59
Customer supply pipe losses – measured households excluding void properties	Ml/d	2	28.89	6B.60
Customer supply pipe losses – unmeasured households excluding void properties	Ml/d	2	37.31	6B.61
Customer supply pipe losses – measured non-households excluding void properties	Ml/d	2	2.38	6B.62
Customer supply pipe losses – unmeasured non-households excluding void properties	Ml/d	2	0.65	6B.63
Customer supply pipe losses – void measured households	Ml/d	2	1.81	6B.64
Customer supply pipe losses – void unmeasured households	Ml/d	2	1.69	6B.65
Customer supply pipe losses – void measured non-households	Ml/d	2	0.74	6B.66
Customer supply pipe losses – void unmeasured non-households	Ml/d	2	0.29	6B.67
Components of total leakage (post MLE) – region 1				
Leakage upstream of DMA	Ml/d	2	0.00	6B.68
Distribution main losses	Ml/d	2	0.00	6B.69
Customer supply pipe losses – measured households excluding void properties	Ml/d	2	0.00	6B.70
Customer supply pipe losses – unmeasured households excluding void properties	Ml/d	2	0.00	6B.71
Customer supply pipe losses – measured non-households excluding void properties	Ml/d	2	0.00	6B.72
Customer supply pipe losses – unmeasured non-households excluding void properties	Ml/d	2	0.00	6B.73
Customer supply pipe losses – void measured households	Ml/d	2	0.00	6B.74
Customer supply pipe losses – void unmeasured households	Ml/d	2	0.00	6B.75
Customer supply pipe losses – void measured non-households	Ml/d	2	0.00	6B.76
Customer supply pipe losses – void unmeasured non-households	Ml/d	2	0.00	6B.77
Components of total leakage (post MLE) – region 2				
Leakage upstream of DMA	Ml/d	2	0.00	6B.78
Distribution main losses	Ml/d	2	0.00	6B.79
Customer supply pipe losses – measured households excluding void properties	Ml/d	2	0.00	6B.80
Customer supply pipe losses – unmeasured households excluding void properties	Ml/d	2	0.00	6B.81
Customer supply pipe losses – measured non-households excluding void properties	Ml/d	2	0.00	6B.82
Customer supply pipe losses – unmeasured non-households excluding void properties	Ml/d	2	0.00	6B.83
Customer supply pipe losses – void measured households	Ml/d	2	0.00	6B.84
Customer supply pipe losses – void unmeasured households	Ml/d	2	0.00	6B.85
Customer supply pipe losses – void measured non-households	Ml/d	2	0.00	6B.86
Customer supply pipe losses – void unmeasured non-households	Ml/d	2	0.00	6B.87

Key

Input cell Calculation cell Copy cell

Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

6B.1, 16-20: The below table shows how Data Items 6B.1 and 6B.16-20 have progressed so far this AMP period (2020/2021-2022/2023):

Line	2020/2021	2021/2022	2022/2023
6B.1	75749 kw	74058 kw	73822 kW
6B.16	527	501	502
6B.17	23	23	23
6B.18	62	58	58
6B.19	442	420	421
6B.20	0	0	0

During 2022/2023, 3 new Water Pumping Stations (WPS) have been installed.

- Agden/WPS (Line 19) Capacity 2.2Kw
- Kirk INGS LN N Silton/WPS (Line 19) Capacity 1.5Kw
- Whitmoor Farm/WPS (Line 19) Capacity 2.2Kw

During 2022/2023, 2 pumping stations have been removed.

- Agden Sands/2 WPS (Line 19) Capacity 6Kw
- Jeater Houses/WPS (Line 19) Capacity 11Kw

6B.2, 3, 21 & 22: The below table shows how Data Items 6B.1 and 6B.16-20 have progressed so far this AMP period:

Line	2020/2021	2021/2022	2022/2023
6B.2	2848.8	2855.5	2845.8
6B.3	28.9	28.9	28.9
6B.21	398	399	395
6B.22	27	27	27

4 service reservoirs were removed within the 2022/2023 reporting year:

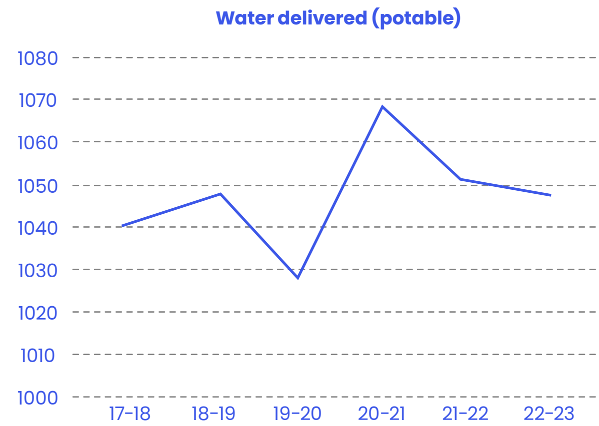
Changes from 2021/2022:

- Boston Park (Capacity 9.66 Ml) has been demolished.
- Thornseat (Capacity 0.02Ml), West End (Capacity 0.013 Ml) and Glasshouses (Capacity 0.0065 Ml) have all been decommissioned.

6B.4: This line is reported as zero. As in previous years, we do not provide any non-potable supplies to either household or non-household customers.

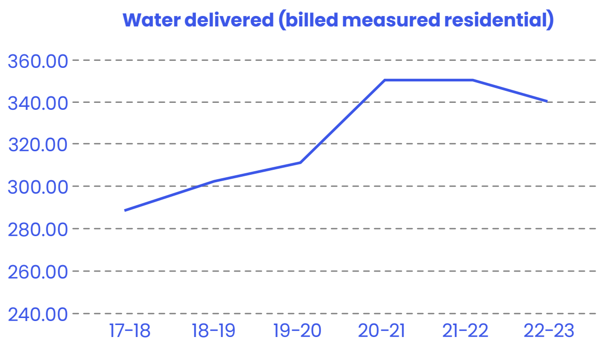
6B.5: This line reports all potable water supplied. This includes the estimated water delivered to billed measured households **(6B.6)**, billed measured non-households **(6B.7)**, unmeasured households, unmeasured non-households and water taken unbilled **(6B.37)**. It therefore includes estimates of water lost through supply pipe leakage and meter under-registration. This volume does not include estimates of distribution leakage or water used by company for operational activity.

The total volume of potable water delivered was 1047.50M/d in 2022/2023. This is 5.4Ml/d down on 2021/2022 volumes. Although household consumption has decreased by c30Ml/d, there has been an increase in the volume of water delivered to non-household (NHH) consumers. The increase has manifested through improvements in data gathering of NHH Volumes.



6B.6: This is the average volume of water delivered to measured residential properties and includes estimates of water lost to supply pipe leakage and meter under-registration. It does not include water taken unbilled (e.g., free supplies, or discretionary allowances).

The total volume of water delivered to billed measured households was 340.57/d – 12Ml/d lower than in the previous report year.

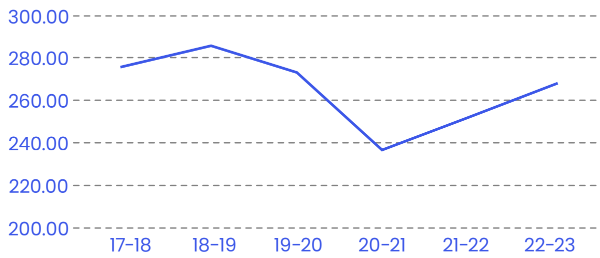


Although the number of customers now billed as measured is at an all-time high, the associated consumption is dropping. This may well be associated with austerity issues, the water efficiency and drought measures implemented through 2022/2023.

6B.7: This is the average volume of water delivered to measured business properties and includes estimates of water lost to supply pipe leakage and meter under-registration. It does not include water taken unbilled (e.g., free supplies).

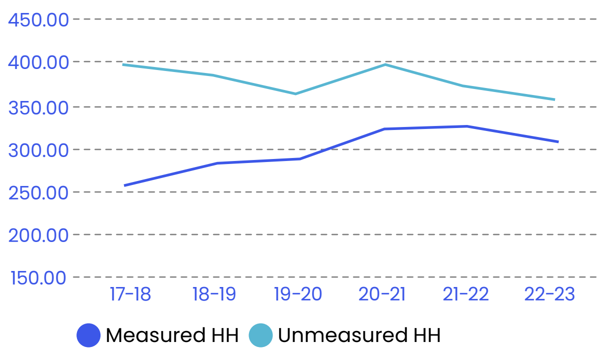
The total volume of water delivered to billed measured businesses was 268.54Ml/d in 2022/2023. This is 16Ml/d higher than in the previous report year. We expected this volume to increase in 2022/2023 as the impact of COVID-19 wears off and commercial society returns to pre COVID levels.

Water Delivered (billed measured commercial)



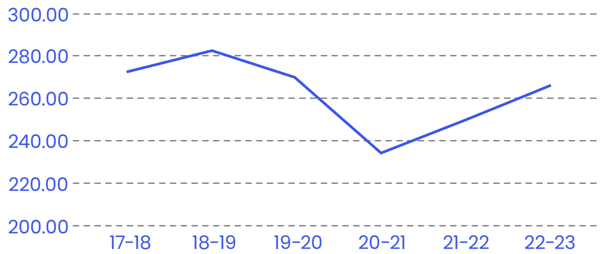
6B.31 & 32: Household consumption across both measured and unmeasured consumers is down; 13.6Ml/d on measured, 16Ml/d on unmeasured. The impact of the drought, people returning to working from offices and the austerity issues in the UK are thought to have driven these behavioural changes.

Household Consumption



6B.33: As explained for 6B.7, this follows the same trend and profile, just excludes the small volume of water associated with supply pipe losses at measured commercial properties.

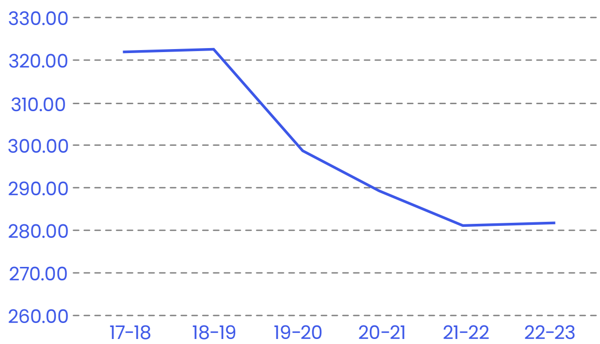
Measured Non Household Consumption



6B.34: There has been a stark increase in consumption associated with Unmeasured Non-Households. 'Crowders Consulting' completed some analysis using YW metered non household data, which resulted in a shift from 125.7l/p/d to 679.7l/p/d. This volume now accounts for 4.2% of total Non-Household Consumption data.

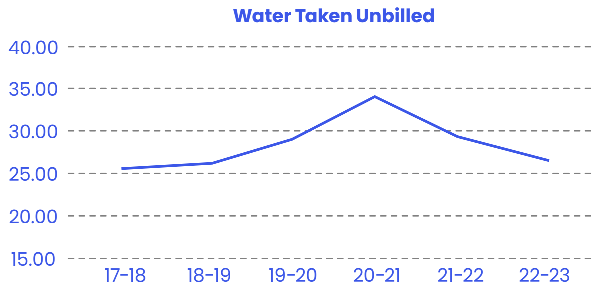
6B.35: This is the sum of distribution losses (including leakage from trunk mains and service reservoirs) plus supply pipe leakage. Total reported leakage was 282.78Ml/d having decreased in the report year by 0.3Ml/d.

Total Annual Leakage



6B.36: This is the volume of water used by the company for operational activity and required to meet statutory obligations relating to water quality such as flushing, or water lost during Service Reservoir cleaning. It has decreased from last year to 2.28Ml/d and is just 0.17% of DI against an allowed threshold of 0.6%.

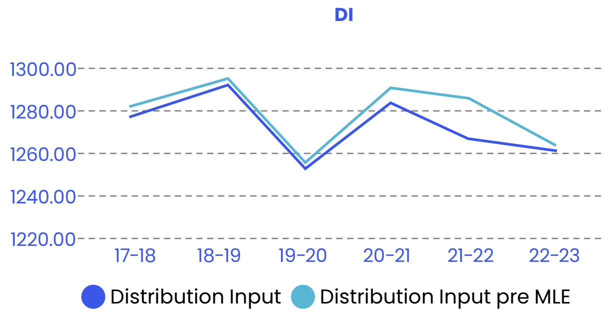
6B.37: This is the volume of water taken either legally (e.g., free supplies, fire service usage) or illegally (e.g., void usage, hydrant theft).



Total water taken unbilled (legally and illegally) was 27.69Ml/d, this is a decrease of almost 6Ml/d from 2020-21 and is improving after the peak in 20-21. Many elements of this are based on assumptions which have been updated where possible depending on the availability of suitable data and / or change in YW resources. For this year's submission we have reviewed the allowances given to HH and NHH Void Properties and use at YW Self Supplied Sites. This volume is 2.2% of DI which is slightly over the 1.8% allowance. We continue to improve and validate this and are working to bring this in line to the 1.8% allowance.

We are 5Ml/d over the reporting threshold on Water Taken Unbilled, but 5Ml/d under on DSOU. The overall balance is therefore negligible.

6B.38 & 39: Distribution input is the average volume of potable water entering the distribution system. The data has been obtained from the company's 'Water into Supply' database, which is produced monthly, giving details of water treatment works outputs and demands within the regional forecasting zones.



DI has dropped in line with household consumption, reducing by 7Ml/d from 2021/2022.

Table 6C

Water Network Plus – Mains, communication pipes and other data for the 12 months ended 31 March 2023

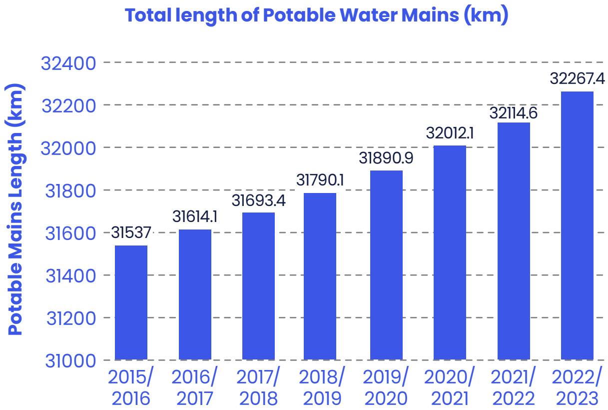
Line description	Units	DPs	Input	RAG 4 reference
Treated water distribution – mains analysis				
Total length of potable mains as at 31 March	km	1	32267.4	6C.1
Total length of potable mains relined	km	1	6.7	6C.2
Total length of potable mains renewed	km	1	18.0	6C.3
Total length of new potable mains	km	1	105.6	6C.4
Total length of potable water mains (≤320mm)	km	1	29896.2	6C.5
Total length of potable water mains (>320mm and ≤ 450mm)	km	1	1008.1	6C.6
Total length of potable water mains (>450mm and ≤610mm)	km	1	846.7	6C.7
Total length of potable water mains (> 610mm)	km	1	516.4	6C.8
Treated water distribution – mains age profile				
Total length of potable mains laid or structurally refurbished pre-1880	km	1	344.3	6C.9
Total length of potable mains laid or structurally refurbished between 1881 and 1900	km	1	1870.3	6C.10
Total length of potable mains laid or structurally refurbished between 1901 and 1920	km	1	840.8	6C.11
Total length of potable mains laid or structurally refurbished between 1921 and 1940	km	1	4649.6	6C.12
Total length of potable mains laid or structurally refurbished between 1941 and 1960	km	1	8873.8	6C.13
Total length of potable mains laid or structurally refurbished between 1961 and 1980	km	1	5104.6	6C.14
Total length of potable mains laid or structurally refurbished between 1981 and 2000	km	1	6442.9	6C.15
Total length of potable mains laid or structurally refurbished between 2001 and 2020	km	1	3898.2	6C.16
Total length of potable mains laid or structurally refurbished post during and after 2021	km	1	242.9	6C.17
Communication pipes				
Number of lead communication pipes	nr	0	457086	6C.18
Number of galvanised iron communication pipes	nr	0	381682	6C.19
Number of other communication pipes	nr	0	982536	6C.20
Number of lead communication pipes replaced or relined for water quality	nr	0	882	6C.21
Other				
Company area	km^2	0	14294	6C.22
Compliance Risk Index	nr	2	4.61	6C.23
Event Risk Index	nr	0	131	6C.24
Properties below reference level at end of year	nr	0	4	6C.25

Key

Input cell Calculation cell Copy cell

Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

6C.1 & 4: During 2022/2023, our network grew by 152.8 km to 32267.4km. Even though the growth is small, id does continue the trend of our network growing year on year as shown in the below chart:



6C.2: 2022/2023 saw our relining programme commence, seeing 6.7km completed throughout the year. We expect to see this continue and grow going into 2023/2024.

6C.3: The reported value here is an Increase of 9.7km, when compared to 2021/2022. Our three largest projects contributing to this figure are:

- Epworth Mains Replacement (2,912m)
- Riccal Tower Mains Replacement (2,770m)
- Midgley Structural Main (2,200m)

6C.5-8: This shows the length/percentage makeup of the diameter of Yorkshire water's live mains carrying treated water. The relatively tiny amount of pipework we add each year means that these percentages stay more or less the same. The vast majority of the yearly growth occurs in the less than 320mm diameter category.

6C.9-17: The data shows the vast majority (76%) of Yorkshire Water's live pipes carrying treated water were laid after 1940. It is also showing that mains laid before 2000 are slowly being abandoned and/or replaced or rehabilitated using structural Hi-build method.

There are very small changes year on year across the age categories and we would expect this to continue at a steady pace.

6C.18: There is a decrease in the number of lead communication pipes replaced compared to last year, however the number is in line with years 1 and 2 of AMP7. Our AMP7 lead replacement programmes include, targeting hotspot DMA's, education establishments and vulnerable customers.

6C.19: The number of galvanised iron communication pipes has reduced year on year due to our continued drive on active leakage reduction and targeted communication with customers.

6C.20: The number of other communication pipes is made up of Alkathene, copper, MDPE, LDPE, HDPE and cast iron.

The number of other communication pipes has increased as expected based on the fact all new and replacement communication pipes are replaced with MDPE. Alkathene, copper, LDPE, HDPE and cast iron will be reducing year on year.

Growth resulting in new properties connected as well as replacement of communication pipes is taken into account in this measure.

6C.21: We are continuously working on replacing or relining any lead communication pipe to improve water quality. Throughout 2022/2023, we replaced 882, and we expect to see a similar or higher volume going into 2023/2024.

6C.22: The Company area based on the Clean Water boundaries returned an area of 14,294 km^2 which is in line with previously reported years. There has been no maintenance of the external extent of the company boundaries this year.

6C.23: Please read our Water Quality Compliance (CRI) performance commitment update **here**.

6C.24: Event Risk Index (ERI) is a measure created by the Drinking Water Inspectorate (DWI). The ERI value is based upon a number of factors related to Events which are notified to the DWI under the Information Direction 2022. Importantly, it is the duration, severity, and size (zone population/ works throughput/service reservoir capacity) of the impacted area/assets that influences ERI score not simply the number of events reported. The ERI score also incorporates a subjective assessment of the Event by the DWI. In 2022 the Company's provisional ERI score was 131.113, based upon feedback provided by the DWI on 29th April 2023. The assessments of one notified water quality Events remain incomplete and the confirmed full year score could increase.

6C.25: Please read our Low Pressure performance commitment update **here**.

Table 6D

Demand management – Metering and leakage activities for the 12 months ended 31 March 2023

Line description	Units	DPs	Basic meter	AMR meter	AMI meter	RAG 4 reference
Metering activities - Totex expenditure						
New optant meter installation for existing customers	£m	3	0.000	5.190	0.000	6D.1
New selective meter installation for existing customers	£m	3	0.000	0.000	0.000	6D.2
New business meter installation for existing customers	£m	3	0.116	0.580	0.000	6D.3
Residential meters renewed	£m	3	0.000	1.104	0.044	6D.4
Business meters renewed	£m	3	0.000	0.349	0.000	6D.5
Metering activities - Explanatory variables						
New optant meters installed for existing customers	000s	3	0.000	22.278	0.000	6D.6
New selective meters installed for existing customers	000s	3	0.000	0.000	0.000	6D.7
New business meters installed for existing customers	000s	3	0.005	0.025	0.000	6D.8
Residential meters renewed	000s	3	2.178	0.883	0.053	6D.9
Business meters renewed	000s	3	0.722	0.258	0.026	6D.10
Replacement of basic meters with smart meters for residential customers	000s	3		2.178	0.009	6D.11
Replacement of AMR meter with AMI meters for residential customers	000s	3			0.082	6D.12
Replacement of basic meters with smart meters for business customers	000s	3		0.722	0.020	6D.13
Replacement of AMR meter with AMI meters for business customers	000s	3			0.025	6D.14
New residential meters installed for existing customers – supply-demand balance benefit	Ml/d	2	0.00	0.14	0.00	6D.15
New business meters installed for existing customers – supply-demand balance benefit	Ml/d	2	0.00	0.00	0.00	6D.16
Replacement of basic meter with smart meters for residential customers – supply-demand balance benefit	Ml/d	2		0.01	0.00	6D.17
Replacement of AMR meter with AMI meter for residential customers– supply-demand balance benefit	Ml/d	2			0.00	6D.18
Replacement of basic meter with smart meters for business customers – supply-demand balance benefit	Ml/d	2		0.01	0.00	6D.19
Replacement of AMR meter with AMI meter for business customers– supply-demand balance benefit	Ml/d	2			0.00	6D.20
Residential properties - meter penetration	%	1	0.0%	60.1%	0.0%	6D.21
Leakage activities	**Units**	**DPs**	**Maintaining leakage**	**Reducing leakage**	**Total**	
Total leakage activity	£m	3	24.177	33.929	58.106	6D.22
Leakage improvements delivering benefits in 2020-2025	Ml/d	2			0.30	6D.23
Per capita consumption (excluding supply pipe leakage)						
Per capita consumption (measured)	l/h/d	2	103.70			6D.24
Per capita consumption (unmeasured)	l/h/d	2	149.00			6D.25

Key

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6D.6 & 7D.7: Demand for new domestic meter installs in 2022/2023 has been consistent with last year, with just a 1% variance. However, installations are below our PR19 projected volumes:

	2020/2021	2021/2022	2022/2023
PR19 Projections	32,965	31,884	29,206
Actual Installs	17,804	22,508	22,278

Both years 2020/2021 and 2021/2022 were impacted by the COVID-19 pandemic, which led to a significant reduction in install demand compared to 2019/2020, when we installed >3optant meters. We experienced exceptionally hot and dry conditions during 2022/2023 which led to temporary use bans in our region. It is possible that the hot, dry conditions have influenced lower demand (i.e. expected usage in these conditions is higher, therefore the installation of a meter is not likely to be perceived as a way of saving money).

The 'cost of living crisis' which the UK has been experiencing since late 2021, has not significantly increased demand for new optant meters. That being said, the peak number of requests seen through the annual billing period this year, which was February 2023, was significantly higher than those experienced in the previous 2 years, this coincided with the release of a national TV programme about money saving featuring a slot on water meters.

We have continued a billing initiative which began in 2019, which was to send out bills outlining the potential cost savings that can be had by choosing a meter over rateable value. This was hugely successful in the last year of AMP6 but does not currently appear to be driving significant uptake in requests.

The current forecast for 2023/2024, is that we will install around 30,000 new optant meters, this is based on the peak seen at annual billing and the expectation that the cost of living challenges begin to impact customer behaviour.

We have not installed any selective meters in 2022/2023 and do not currently foresee implementing policy that will drive selective metering next year.

6D.8: The total of 30 reported this year is around half of the reported total when compared to 2021/2022. However, proportionally, this volume is extremely low, less than 0.01% of business non household property base.

6D.9-13: At the start of 2022/2023, our allocated funding would have allowed the replacement of approximately 2,445 meters based on unit rate trends in previous years. Our funding only allowed the replacement of damaged, faulty or Health and Safety (H&S) meters as we are currently not funded to carry out a proactive asset life expired replacement programme, where the meter is still recording.

Our unit rate was lower than expected which allowed us to replace 4,042 meters, which is really pleasing to see. The cost of a meter exchange varies depending on the complexity of the work, size and location of the meter.

A review of our H&S meter reading skip reporting process has allowed us to identify more meters that are a hazard to read, resulting in an increase of H&S replacement types by 182% compared to last year.

Our current automated meter position is 83%, which we believe gives us an excellent view of customer usage across our region, and helps drive a higher level of accuracy for bills.

Capital Expenditure

In total we have reported £7.4m of capital expenditure for meter installation.

We have reported £22.5m of capital expenditure on leakage, this is split between £10.9m for maintaining leakage and £11.6m for reducing leakage.

Smart Meter (AMI) Programme:

We are targeting a 50% reduction in leakage by 2050 and are developing a series of initiatives to allow for sustainable leakage benefits along the 25 year glidepath. We are also planning to help our customers become more water efficient with a 9% reduction in PCC by 2025.

We are rolling out the smart metering programme to align with the company strategic objective to have 85% of all properties smart metered by 2032. The target for the end of AMP7 is to have around 105,00 smart meters installed which will allow time to embed systems, people and process before scaling up into AMP8 (starting on 1 April 2025 and running for five years).

We started a smart meter trial phase, and proof of concept, in 2020 which resulted in circa 2,200 smart meters being installed in Sheffield. During the trail we engaged with different hardware manufacturers and network operators to enable us to select the right partners to deliver the smart metering framework.

Following the trial, a procurement process was completed, where we selected Netmore and Connexin to deliver an advanced metering framework. Netmore have been contracted to install smart meters on all new housing developments, from 1st February 2023, and both Netmore and Connexin will be used for wider meter exchange and install programmes.

In the reporting year 2022/2023, we were still predominantly in the trial phase and didn't start installing smart meters on new developments until 1st February 2023, and the first meter exchange programme will not start until May 2023.

Therefore, the number of renewals and replacement in 2022/2023 is very low, only 136 in total, but we expect to see this increase significantly during 2023/2024.

Table 6F

WRMP annual reporting on delivery – non-leakage activities

			Capital expenditure						Opex costs						
Line description	Classification	Delivery year (in use)	2020–2021	2021–2022	2022–2023	2023–2024	2024–2025	After 2024–2025	2020–2021	2021–2022	2022–2023	2023–2024	2024–2025	After 2024–2025	RAG 4 reference
Units	Text	Year	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
DPs	0	0	3	3	3	3	3	3	3	3	3	3	3	3	
Catterick Borehole	Supply-side improvements delivering benefits in 2020–2025	n/a	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	6F.1
Brayton Borehole	Supply-demand balance improvements delivering benefits starting from 2026	n/a	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	6F.2
Total			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	6F.51

			Benefits						Complete for internal interconnectors only					
Line description	Classification	Delivery year (in use)	2020–2021	2021–2022	2022–2023	2023–2024	2024–2025	After 2024–2025	Length	Diameter	Pipe material	Pumping capacity installed	Storage capacity installed	RAG 4 reference
Units	Year		Ml/d	Ml/d	Ml/d	Ml/d	Ml/d	Ml/d	km	mm	Text	kW	m3	
DPs	0		2	2	2	2	2	2	1	1	0	0	3	
Catterick Borehole	Supply-side improvements delivering benefits in 2020–2025	n/a	0.00	0.00	0.00	0.00	0.00	0.00	n/a	n/a	n/a	n/a	n/a	6F.1
Brayton Borehole	Supply-demand balance improvements delivering benefits starting from 2026	n/a	0.00	0.00	0.00	0.00	0.00	0.00	n/a	n/a	n/a	n/a	n/a	6F.2
Total			0.000	0.000	0.000	0.000	0.000	0.000	0.0			0.000	0.000	6F.51

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

WRMP annual reporting on delivery – non-leakage activities

6F.1: The Catterick Borehole licence increase was included in WRMP19 to be online in 2022/2023. A licence application will be submitted to the Environment Agency to increase the annual average permitted abstraction and the daily maximum by 2Ml/d. Test pumping/monitoring is scheduled for this current year to support the licence application to be submitted autumn/winter 2022. No additional infrastructure or assets are needed. As the application may not be granted until late 2022/2023, Table 6F assumes the benefit from 2023/2024, a year later than forecast in the WRMP19.

A capital cost of £40,000 has been presented for delivery of the Catterick Borehole scheme. This cost was provided by the Yorkshire Water Groundwater team who will manage the test pumping/monitoring. Hydrologic Services will deliver the monitoring at £24,331 (see supporting document). In addition we will be using Arup for the data processing, which will be needed for the licence application and there will be YW costs from our Service Delivery team, the Groundwater team. The £40,000 is an estimate of the combined total costs as the scheme has not yet been delivered. WRMP19 estimated a cost of £10,140 to allow for the licence application, monitoring and supporting data. This has been found to be a significant underestimate. The scheme includes investigations to support a licence application and no assets or infrastructure are required, therefore Yorkshire Water cost models were not used to calculate the cost of the scheme. The type of work required is difficult to estimate as it requires surveys and monitoring that cannot be costed until agreed with the Environment Agency. In most cases monitoring uncertainties are not significant to the total cost of the schemes, but in this instance, as there were no other costs, they are proportionately significant.

The Opex cost is an estimate of £76,000 based on the current unit cost per a Ml at the Catterick WTW (£104.51/Ml) and assuming the source will be used daily. In WRMP19 an estimated Opex of £35,000 per an annum was assumed based on a much lower unit cost of £41.40 (2015/2016 base year) at Catterick WTW, plus an addition £5,000 for annual licence charges. The increased unit cost has increased the total Opex and is attributed to the cost of energy and chemicals etc. increasing. Annual licence charges are included in the WRMP costing but are not normally included in WTW operating unit costs. The scheme will allow for reduced use of a nearby WTW that supports the Catterick area. Full utilisation of the option has been assumed for reporting of Opex this year. Once the scheme is complete, its utilisation will be assessed using output data for Catterick WTW.

6F.2: The Brayton Borehole relocation was scheduled to be implemented in AMP7, with the benefit available in the first year of AMP8. This scheme has been removed from the delivery programme due to a need to achieve efficiencies. It is not essential to the WRMP19 supply demand balance. It has been included in Table 6F for transparency as this option was planned in WRMP19 to help with resilience. WRMP24 is under development and the Brayton BH remains a feasible option. We shall review the Brayton option alongside other WRMP level options to meet an emerging deficit and it may feature in the revised plan.

Capital Expenditure

We have reported no capital expenditure in year and are currently not forecasting any capital expenditure over the rest of the AMP.

Opex

As per last year operating expenditure is £nil. This reconciles back to **Table 4L**.

The operating expenditure for future years is a best estimate at this point in time.

Table 7: Additional regulatory information – wastewater Network Plus

Introduction

The information in this section details 'Additional regulatory information – wastewater Network Plus' as required by Ofwat, with a brief description of significant variances compared to previous years. The information in this section comprises the following tables:

Table 7A

Wastewater Network Plus – Functional expenditure for the 12 months ended 31 March 2023

Line description	Units	DPs	£'000	RAG 4 reference
Costs of STWs in size bands 1 to 5				
Direct costs of STWs in size band 1	000s	3	2,147.838	7A.1
Direct costs of STWs in size band 2	000s	3	1,465.931	7A.2
Direct costs of STWs in size band 3	000s	3	3,344.987	7A.3
Direct costs of STWs in size band 4	000s	3	5,937.793	7A.4
Direct costs of STWs in size band 5	000s	3	11,849.888	7A.5
General & support costs of STWs in size bands 1 to 5	000s	3	1,204.582	7A.6
Functional expenditure of STWs in size bands 1 to 5 (excluding 3rd party services)	000s	3	25,951.019	7A.7
Costs of large STWs (size band 6)				
Service charges for STWs in size band 6	000s	3	2,602.300	7A.8
Estimated terminal pumping costs size band 6 works	000s	3	1,513.840	7A.9
Other direct costs of STWs in size band 6	000s	3	57,400.760	7A.10
Direct costs of STWs in size band 6	000s	3	61,516.900	7A.11
General & support costs of STWs in size band 6	000s	3	3,020.950	7A.12
Functional expenditure of STWs in size band 6 (excluding 3rd party services)	000s	3	64,537.850	7A.13
Costs of STWs - all sizes				
Total operating functional expenditure (excluding 3rd party services)	000s	3	90,488.869	7A.14

Wastewater Network Plus – Functional expenditure

This table analyses the costs of different size sewage treatment works. All direct costs have been allocated to sites where possible, with nearly all large works separately costed. For minor works, which are grouped into areas for materiality reasons, the costs were sub-divided into the following categories for optimum allocation.

- Site specific
- Area site costs
- Employee direct costs
- Maintenance
- Facilities costs
- General and support

The requirement for the table is to have all above costs directly/indirectly allocated in bands 1-6 which are defined in RAG 4.11. The information to split the sites into bands and STW loads has been reviewed again this year from the asset inventory system, and any changes in loads and band categories have been adjusted accordingly.

Due to the clarification of the Principal Use recharge, the allocation of the Principal Use has been included within General & Support costs.

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 7B

Wastewater Network Plus – Large sewage treatment works for the 12 months ended 31 March 2023

Due to the size of the data table, we have published Table 7B separately on our website here:
yorkshirewater.com/about-us/reports/

7B.1: Compared with 2021/2022, the sites being reported has decreased by one; the site dropping off is Selby Sewerage Treatment Works (STW). The works has moved from band 6 to band 5, with the main driver behind the change being a drop in Trade Effluent load.

7B.2: There has been no change when comparing 2022/2023 volumes, to 2021/2022.

7B.3: There has been some slight variations in the population equivalent of total load received, with the vast majority within a 10% variation. Load can vary due to changes in resident population and trade loads received to the works, both of which fluctuate year-on-year, so these changes are within expected tolerances.

Neiley (11.62%) and Wombwell (14.76%) are the only sites with a change of greater than 10%, both sites are mainly driven by Trade Effluent volume changes.

7B.4-7B.8: There has been no changes when comparing 2022/2023 volumes, to 2021/2022.

7B.10: The total average daily flow for the reporting period is summed for each of the large treatment works and then divided by 365 to provide an average daily treated flow.

Compared to 2021/2022, the overall volume of treated flow recorded at the Large STWs has shrank by an average of 4.78%, which compares with the overall decrease in flow seen in the reporting period as shown in table 7C.13 (4.64% decrease). These variations are generally in response to the rainfall volumes we see throughout the year.

Functional expenditure

This table follows on from Table 7A, lines 8-14. All the sites above are separately costed within Yorkshire Water's accounting systems.

Section B of the table looks at functional expenditure for the large sewage treatment works which fall within band 6 category as shown in Table 7A.

The number of works in this category has decreased by one sewage treatment work from Band 6 into Band 5 due to decreased loads.

Overall, we saw an increase in costs for Band 6 works, due to soaring energy prices, with unhedged energy costs impacted by the volatile market prices.

Consumption was lower than 2021/2022 due to an extremely dry summer and optimisation projects across sites.

Hired & Contracted costs decreased in 2022/2023 as result of an initiative to review workbaskets by the maintenance teams.

We have made further improvements and worked with the operational business to ensure categorisation of band 6 works align.

Table 7C

Wastewater Network Plus – Sewer and volume data for the 12 months ended 31 March 2023

Line description	Units	DPs	Input	RAG 4 reference
Wastewater network				
Connectable properties served by s101A schemes completed in the report year	nr	0	0	7C.1
Number of s101A schemes delivered in the report year	nr	0	0	7C.2
Total pumping station capacity	kW	0	88,611	7C.3
Number of network pumping stations	nr	0	2,602	7C.4
Total number of sewer blockages	nr	0	26,529	7C.5
Total number of gravity sewer collapses	nr	0	514	7C.6
Total number of sewer rising main bursts	nr	0	62	7C.7
Number of combined sewer overflows	nr	0	2,023	7C.8
Number of emergency overflows	nr	0	603	7C.9
Number of settled storm overflows	nr	0	180	7C.10
Sewer age profile (constructed post 2001)	km	0	2,550	7C.11
Volume of trade effluent	Ml/yr	2	17,796.88	7C.12
Volume of wastewater receiving treatment at sewage treatment works	Ml/yr	2	633,257.71	7C.13
Length of gravity sewers rehabilitated	km	0	15	7C.14
Length of rising mains replaced or structurally refurbished	km	0	3	7C.15
Length of foul (only) public sewers	km	0	5,438	7C.16
Length of surface water (only) public sewers	km	0	7,624	7C.17
Length of combined public sewers	km	0	16,266	7C.18
Length of rising mains	km	0	1,288	7C.19
Length of other wastewater network pipework	km	0	357	7C.20
Total length of "legacy" public sewers as at 31 March	km	0	30,973	7C.21
Length of formerly private sewers and lateral drains (s105A sewers)	km	0	21,560	7C.22

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

7C.1 & 7C.2: S101a are requests received from homeowners who would like to be connected to the public sewerage network for the first time, for example, they may be on an existing private arrangement (such as a septic tank) that may be failing and causing environmental pollution. On receipt of the application the team would undertake an assessment of the existing arrangements and a decision would be made as to whether a duty exists for us to provide first time sewerage. If a duty is determined, the scheme would then enter the asset delivery programme of works, where a detailed solution would be designed and costed. For 2022/2023, we have no requests to report that have finalised.

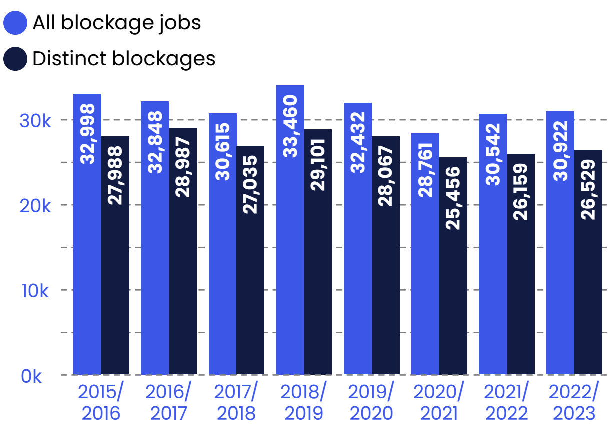
7C.3: This measure has marginally decreased in 2022/2023 to 88,611, from 88,887 in 2021/2022, but still remains within an expected tolerance level.

7C.4: This measure has seen a marginal increase in 2022/2023 to 2,602, from 2,585 in 2021/2022, a change of just 0.65%.

We have seen 23 new assets in 2022/2023. Of these 23 new assets, 16 were adoptions from Developer Services, 4 were Private-to-Public transfers, 1 was a replacement for a demolished site at our Colton site, and 1 added due to identification of reportable outlet pumping at another one of our sites. We have also added our 'Aberford Strom Treatment' site to the reported numbers.

There have been 6 removals from the reported number, where all sites have been demolished.

7C.5: The below chart shows you how 7C.5 has been reported over the last eight years, with the volumes remaining fairly consistent this AMP:



7C.6: The total number of sewer collapses on the legacy and transferred network assets for 2022/2023 is 466, a reduction from 555 in 2021/2022. The percentage split of gravity collapses versus the reported total is 90%.

7C.7: The total number of sewer rising main bursts on the legacy and transferred network for 2022/2023 is 54, a reduction from 59 reported in 2020/2021. The percentage split of gravity collapses versus the reported total is 10%.

For further detail see statement for **Table 3B.3.**

7C.8: This measure has reduced from 2,054 in 2021/2022 to 2,023 in 2022/2023 a reduction of 1.5%. The changes are largely due to completed investigations on overflows resulting in a number being confirmed as abandoned or being abandoned.

7C.9: This measure has increased in 2022/2023 to 603 from 601 in 2021/2022, a change of 0.3%. Seven new additions were identified from last year, with five being removed.

7C.10: This measure has increased by one in 2022/2023 to 180 from 179 in 2021/2022, this change is due to a newly identified settled storm overflow at Newham Treatment Works.

7C.11: This is an increase of 21.9km from 2021/2022 reported figure of 2,528.4km. In year 13.3km of sewer was replaced, 4.3km of sewers refurbished and an additional 4.4km of new sewer constructed.

In terms of in year change there has been a reduction of 8.4km to replacements, an increase of 0.6km on renovation and an increase of 2.7km to new installs.

7C.13: When comparing the 2022/2023 reporting value against 2021/2022, there is a 4.64% decrease in treated volumes across all of the treatment works. Much of the variance seen between reporting years is driven by weather, and with the dry summer of 2022 this decrease is expected.

7C.14-7C.22: All the volumes reported against these items have seen marginal changes when compared to our reported 2021/2022 volumes. However, all remain within a very low tolerance level.

Table 7D

Wastewater Network Plus – Sewage treatment works data for the 12 months ended 31 March 2023

				Treatment categories							
				Secondary		Tertiary					
Line description	Units	DPs	Primary	Activated Sludge	Biological	A1	A2	B1	B2	Total	RAG 4 reference
Load received at sewage treatment works											
Load received by STWs in size band 1	kg BOD_5/day	0	68	426	1,205	30	19	83	0	1,831	7D.1
Load received by STWs in size band 2	kg BOD_5/day	0	50	247	951	25	18	159	81	1,531	7D.2
Load received by STWs in size band 3	kg BOD_5/day	0	129	1,016	2,307	184	236	854	1,015	5,741	7D.3
Load received by STWs in size band 4	kg BOD_5/day	0	0	3,869	8,574	881	2,580	1,222	4,250	21,376	7D.4
Load received by STWs in size band 5	kg BOD_5/day	0	0	10,724	12,329	3,491	5,022	2,832	9,393	43,791	7D.5
Load received by STWs above size band 5	kg BOD_5/day	0	0	203,735	14,377	5,908	60,929	0	2,647	287,597	7D.6
Total load received	kg BOD_5/day	0	247	220,017	39,743	10,519	68,804	5,150	17,386	361,866	7D.7
Load received from trade effluent customers at treatment works	kg BOD_5/day	0								46,114	7D.8
Number of sewage treatment works											
STWs in size band 1	nr	0	30	68	204	3	1	9	0	315	7D.9
STWs in size band 2	nr	0	2	11	38	1	1	6	4	63	7D.10
STWs in size band 3	nr	0	2	14	34	2	4	14	11	81	7D.11
STWs in size band 4	nr	0	0	12	26	2	8	5	16	69	7D.12
STWs in size band 5	nr	0	0	9	13	3	5	3	9	42	7D.13
STWs above size band 5	nr	0	0	20	4	3	7	0	1	35	7D.14
Total number of works	nr	0	34	134	319	14	26	37	41	605	7D.15

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 7D – Continued

Wastewater Network Plus – Sewage treatment works data for the 12 months ended 31 March 2023

			Treatment works consents																	
			Phosphorus					BOD_5						Ammonia						
Line description	Units	DPs	<=0.5 mg/l	>0.5 to <=1mg/l	>1mg/l	No permit	Total	<=7 mg/l	>7 to <=10mg/l	>10 to <=20mg/l	>20 mg/l	No permit	Total	<=1 mg/l	>1 to <=3mg/l	>3 to <=10mg/l	>10 mg/l	No permit	Total	RAG 4 reference
Load received at sewage treatment works																				
Load received by STWs in size band 1	kg BOD_5/day	0	0	0	0	1,831	1,831	0	0	44	116	1,670	1,830	0	0	30	184	1,617	1,831	7D.1
Load received by STWs in size band 2	kg BOD_5/day	0	0	20	0	1,512	1,532	0	0	219	814	499	1,532	0	25	293	789	425	1,532	7D.2
Load received by STWs in size band 3	kg BOD_5/day	0	256	166	474	4,847	5,743	0	157	1,631	3,642	312	5,742	0	0	2,235	2,900	607	5,742	7D.3
Load received by STWs in size band 4	kg BOD_5/day	0	1,363	1,007	367	18,640	21,377	0	1,529	5,857	9,813	4,179	21,378	0	2,672	6,982	5,855	5,868	21,377	7D.4
Load received by STWs in size band 5	kg BOD_5/day	0	4,656	2,880	3,710	32,545	43,791	0	4,539	14,022	23,072	2,158	43,791	0	7,205	21,791	7,498	7,297	43,791	7D.5
Load received by STWs above size band 5	kg BOD_5/day	0	0	1,685	0	285,911	287,596	0	25,456	137,713	86,260	38,167	287,596	5,405	141,352	94,061	8,611	38,167	287,596	7D.6
Total load received	kg BOD_5/day	0	6,275	5,758	4,551	345,286	361,870	0	31,681	159,486	123,717	46,985	361,869	5,405	151,254	125,392	25,837	53,981	361,869	7D.7
Load received from trade effluent customers at treatment works	kg BOD_5/day	0																		7D.8
Number of sewage treatment works																				
STWs in size band 1	nr	0	0	0	0	315	315	0	0	3	11	301	315	0	0	2	15	298	315	7D.9
STWs in size band 2	nr	0	0	1	0	62	63	0	0	9	32	22	63	0	1	12	31	19	63	7D.10
STWs in size band 3	nr	0	4	2	6	69	81	0	2	21	52	6	81	0	0	28	43	10	81	7D.11
STWs in size band 4	nr	0	5	3	2	59	69	0	5	18	35	11	69	0	7	24	21	17	69	7D.12
STWs in size band 5	nr	0	5	3	4	30	42	0	4	14	22	2	42	0	6	22	8	6	42	7D.13
STWs above size band 5	nr	0	0	1	0	34	35	0	1	14	17	3	35	1	10	17	4	3	35	7D.14
Total number of works	nr	0	14	10	12	569	605	0	12	79	169	345	605	1	24	105	122	353	605	7D.15

Key

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Table 7D – Continued

Wastewater Network Plus – Sewage treatment works data for the 12 months ended 31 March 2023

Line description	Units	DPs	Primary	RAG 4 reference
Population equivalent				
Current population equivalent served by STWs	000s	3	5,941.622	7D.16
Current population equivalent served by STWs with tightened/new P consents	000s	3	0.000	7D.17
Current population equivalent served by STWs with tightened/new N consents	000s	3	0.000	7D.18
Current population equivalent served by STWs with tightened/new sanitary parameter consents	000s	3	0.000	7D.19
Current population equivalent served by STWs with tightened/new microbiological treatment consents (for example UV, ozone etc)	000s	3	0.000	7D.20
Population equivalent treatment capacity enhancement	000s	3	0.358	7D.21
Current population equivalent served by STWs with tightened/new consents for chemicals or other hazardous substances.	000s	3	911.012	7D.22

7D.1-7D.7: Overall there has been a decrease of 1.46% in the total load (kg BOD5/day) as reported in 7D.7. The loads within Bands 1 and 3 have shown an increase, and Bands 2, 4, 5 & 6 have decreased; all the band changes were within a 4% tolerance level.

There is a slight discrepancy noted between the summary values in the tables whereby the 'totals' for each section varied by a maximum of 3. This was investigated and found to be a rounding discrepancy within the table.

7D.8: There has been a 3.15% increase in trade load. The increase follows the trend of Trade Effluent sector recovery from the pandemic, with loads having increased in consecutive years since 2020/2021. However, loads have not yet returned to the pre-pandemic levels.

7D.9-15: The overall number of STWs being reported is 605 which is one less than last year.

There are two sites which have gone since last year:

- Swinsty Car Park – Not connected to public sewer
- Withernsea STW – Works decommissioned.

There is one new works this year:

- Hollym Myers Lane is a new works which has replaced Withernsea STW.

7D.16: There has been 1.57% decrease in population equivalent from 2021/2022. However, this still remains within an expected range.

7D.17-22: All the reported volumes against these items are either zero, or within the same range as our values for 2021/2022.

Key

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Table 7E

Wastewater Network Plus – Energy consumption and other data for the 12 months ended 31 March 2023

Line description	Units	DPs	Input	RAG 4 reference
Other				
Total sewerage catchment area	km^2	0	1,702	7E.1
Designated bathing waters (inland and coastal)	nr	0	20	7E.2
Number of intermittent discharge event duration monitorsing	nr	0	41	7E.3
Number of monitors for flow monitoring at STWs	nr	0	44	7E.4
Number of odour related complaints	nr	0	412	7E.5
Energy consumption				
Energy consumption - sewage collection	MWh	3	123,270.071	7E.6
Energy consumption - sewage treatment	MWh	3	188,930.065	7E.7
Energy consumption - wastewater Network Plus	MWh	3	312,200.136	7E.8
Scheme delivery				
Cumulative shortfall in FFT addressed by WINEP/NEP schemes to increase STW capacity	l/s	3	5.250	7E.9
Number of sites with an increase in sewage treatment works capacity delivered to address a shortfall in FFT	nr	0	1	7E.10
Additional storm tank capacity provided at sewage treatment works (grey infrastructure)	m^3	3	1,272.000	7E.11
Additional effective storm storage capacity at sewage treatment works (green infrastructure)	m^3	3	0.000	7E.12
Additional volume of network storage at CSOs etc to reduce spill frequency (grey infrastructure)	m^3	3	0.000	7E.13
Additional effective storage in the network delivered through green infrastructure	m^3	3	0.000	7E.14
Total number of sewage treatment works sites where additional storage has been delivered (grey infrastructure)	nr	0	14	7E.15
Number of sewage treatment works sites where additional storage has been delivered with pumping (grey infrastructure)	nr	0	0	7E.16
Number of sewage treatment works benefitting from green infrastructure replacing the need for storm tank storage	nr	0	0	7E.17
Number of sites delivering additional network storage (grey infrastructure)	nr	0	0	7E.18
Number of sites delivering additional network storage including pumping (grey infrastructure)	nr	0	0	7E.19
Number of sites delivering additional network storage through green infrastructure	nr	0	0	7E.20
Surface water separation drainage area removed	m^2	0	0	7E.21
Number of schemes delivered to meet tightened or new sanitary consents	nr	0	0	7E.22
Number of installations requiring civils for flow monitoring at sewage treatment works	nr	0	9	7E.23
Number of installations requiring civils for event duration monitoring at intermittent discharges	nr	0	0	7E.24
Number of storm overflows where improvements have been made to reduce harm or reduce spill frequencies	nr	0	0	7E.25

Key

Input cell Calculation cell Copy cell

Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

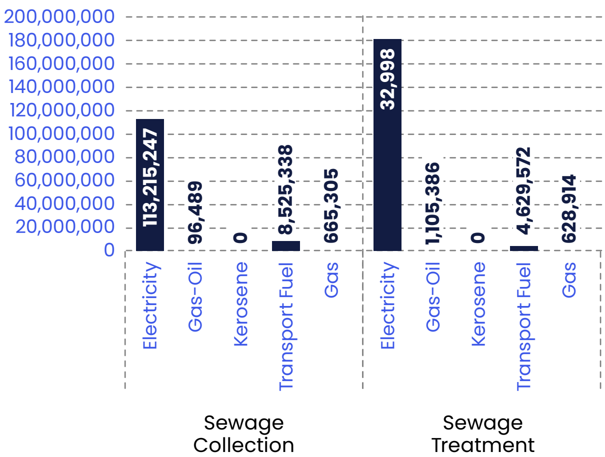
7E.1: The total reported figure of 1,702km^2 represents a 0.44% increase compared to the reported figure in 2021/2022. Although the difference is small, we have significantly improved our internal reporting process to ensure we have a higher level of confidence behind the figure. We have also invested significantly in ensuring we correctly identify assets that are not adopted by ourselves through the usual Developer Services process.

7E.2: We have a designated Performance Commitment around Bathing Waters, which you can read all about **here**.

7E.3 & 4: The reported figures of 41 against 7E.3, and 44 against 7E.4 have been crossed checked with the Water Industry National Environment Programme (WINEP) Senior Asset Planning Sponsor as in line with the expected WINEP output for the reporting year. All sites contain Water Company sign off.

7E.5: The reported figure of 412 represents an 8.3% increase compared to the 2021/2022 reported figure. Our largest volume was seen during the hot summer weather. All complaints are taken seriously and investigated, with learnings taken from all to improve moving forward. We expect to see a lower volume during 2023/2024.

7E.6-7E.8: The below chart shows a breakdown of our 2022/2023 Energy consumption.



7E.9: Hetton Sewerage Treatment Works (STW) is the only completed Urban Wastewater Treatment Directive Improvement (U_IMP5) obligation in the reporting year. The permitted Pass Forward Flow (PFF) setting has been amended from 2.2 l/sec to 7.45 l/sec to account for the additional headroom delivered through the scheme. The cumulative shortfall addressed by the scheme is therefore 5.25 l/sec.

7E.10: The reported figure of 1 relates to our Hetton STW.

7E.11: 22 sites have been claimed the U_IMP6 WINEP obligation for the reporting year. Grey infrastructure has accounted for a sum total of 1272 m^3/d additional storm storage.

A number of sites have claimed the WINEP U_IMP6 output with a 'do nothing' solution. These sites required no action because the investigation has revealed more storage capacity than previously assessed for the site. There may be some spend on the investigation but the reported additional volume for these schemes is zero because no physical volume has been added by the scheme. In these cases the additional storage has been recorded as zero.

7E.12: None of the claimed U_IMP6 outputs utilised a green solution, therefore the reportable capacity figure is zero.

7E.15: 14 of the 22 U_IMP6 outputs were delivered by utilising grey infrastructure. Note the solution at Cold Hiendley STW is the construction of a lined lagoon rather than a traditional concrete tank, but this is still considered grey infrastructure.

7E.16: None of the claimed U_IMP6 outputs required additional pumping for the grey solution, therefore the reportable count of sites figure is zero.

7E.17: None of the claimed U_IMP6 outputs utilised a green solution, therefore the reportable count of sites figure is zero.

7E.22: There have been no tightened or new sanitary consents claimed through the WINEP in this reporting year, therefore the reportable sites figure is zero.

7E.23: From the 44 Urban Wastewater Treatment Directive Monitoring (U_MON4) and U_MON5 installations, 9 have required Civils works to complete the Monitoring Certification Scheme for equipment (MCERT) requirement. A number of sites had minor works to install sensors or replace sections of pipework, but these are not considered to be full civils.

The WINEP programme for U_MON4 and U_MON5 has been set out to deliver the 'easier' to do sites earlier in the AMP cycle, and the more difficult sites towards the end. We expect to see significant increases in volumes over the coming years.

7E.13, 14, 18, 19, 20, 21 & 24: There is no update for 2022/2023 as we are yet to commence with the additional storm overflow work which will contribute heavily to these data items. It is expected that this programme will start to deliver activity during 2023/2024, but the bulk of activity is expected within 2024/2025.

Table 7F

Wastewater Network Plus – WINEP phosphorus removal scheme costs and cost drivers

			Capital expenditure							Operating expenditure							
Scheme name and WINEPID reference	Units	DPs	2019–2020	2020–2021	2021–2022	2022–2023	2023–2024	2024–2025	After 2024–2025	2019–2020	2020–2021	2021–2022	2022–2023	2023–2024	2024–2025	After 2024–2025	RAG 4 reference
Leeming Bar	£m	3	0.000	0.276	0.000	0.040	0.000	0.000	0.000	0.000	0.028	0.057	0.057	0.057	0.057	0.057	7F.1
Ackworth WwTW	£m	3	0.001	0.035	0.190	0.257	2.051	0.075	0.000	0.000	0.000	0.000	0.000	0.000	0.056	0.112	7F.2
Adwick No 2 STW	£m	3	0.004	0.054	0.254	6.143	3.065	1.337	0.000	0.000	0.000	0.000	0.000	0.000	0.089	0.178	7F.3
Aldwarke WwTW	£m	3	0.001	0.087	0.486	0.729	2.522	0.272	0.000	0.000	0.000	0.000	0.000	0.000	0.184	0.367	7F.4
Balby STW	£m	3	0.000	0.191	0.110	0.024	0.309	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.026	0.051	7F.5
Bentley STW	£m	3	0.002	0.143	0.130	1.023	1.642	3.400	0.000	0.000	0.000	0.000	0.000	0.000	0.050	0.099	7F.6
Bishop Wilton WwTW	£m	3	0.003	0.080	0.127	0.812	1.208	0.446	0.000	0.000	0.000	0.000	0.000	0.000	0.005	0.009	7F.7
Blackburn Meadows	£m	3	0.013	0.349	2.054	6.718	20.891	10.085	0.000	0.000	0.000	0.000	0.000	0.000	0.937	1.874	7F.8
Bolsover STW	£m	3	0.005	0.143	0.291	0.787	2.661	0.437	0.000	0.000	0.000	0.000	0.000	0.000	0.039	0.078	7F.9
Bolton On Dearne	£m	3	0.001	0.074	0.190	0.400	0.889	0.955	0.000	0.000	0.000	0.000	0.000	0.000	0.047	0.094	7F.10
Bradford Esholt WwTW	£m	3	0.006	0.238	2.991	1.767	9.590	2.794	0.000	0.000	0.000	0.000	0.000	0.000	0.708	1.415	7F.11
Caldervale	£m	3	0.002	0.217	2.167	1.455	1.085	0.863	0.000	0.000	0.000	0.000	0.000	0.000	0.419	0.837	7F.12
Carleton STW	£m	3	0.001	0.079	0.131	0.542	5.044	0.084	0.000	0.000	0.000	0.000	0.000	0.000	0.062	0.123	7F.13
Carthorpe WwTW	£m	3	0.001	0.001	0.106	0.216	0.785	0.767	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	7F.14
Castleford WwTW	£m	3	0.001	0.053	0.519	0.129	1.140	0.182	0.000	0.000	0.000	0.000	0.000	0.000	0.041	0.081	7F.15
Cheesebottom WwTW	£m	3	0.005	0.006	0.647	0.194	0.160	3.552	0.000	0.000	0.000	0.000	0.000	0.000	0.095	0.189	7F.16
Clayton West WwTW	£m	3	0.003	0.004	0.627	0.891	0.106	1.301	0.000	0.000	0.000	0.000	0.000	0.000	0.103	0.205	7F.17
Clifton STW	£m	3	0.002	0.224	1.286	0.068	0.010	0.000	0.000	0.000	0.000	0.006	0.012	0.012	0.012	0.012	7F.18
Crofton STW	£m	3	0.001	0.079	0.201	0.538	1.882	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.036	0.071	7F.19
Danesmoor STW	£m	3	0.004	0.149	0.343	0.608	0.953	1.397	0.000	0.000	0.000	0.000	0.000	0.000	0.066	0.132	7F.20
Darton WwTW	£m	3	0.000	0.153	0.283	0.645	0.007	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.055	0.109	7F.21

Key

Input cell Calculation cell Copy cell

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Table 7F – Continued

Wastewater Network Plus – WINEP phosphorus removal scheme costs and cost drivers

			Capital expenditure							Operating expenditure							
Scheme name and WINEPID reference	Units	DPs	2019–2020	2020–2021	2021–2022	2022–2023	2023–2024	2024–2025	After 2024–2025	2019–2020	2020–2021	2021–2022	2022–2023	2023–2024	2024–2025	After 2024–2025	RAG 4 reference
Denaby WwTW	£m	3	0.001	0.001	0.436	0.421	0.627	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.057	0.113	7F.22
Dewsbury WwTW	£m	3	0.016	0.093	0.915	1.367	8.364	12.492	0.000	0.000	0.000	0.000	0.000	0.000	0.821	1.641	7F.23
Dishforth WwTW	£m	3	0.001	0.001	0.050	0.225	1.936	0.799	0.000	0.000	0.000	0.000	0.000	0.000	0.022	0.043	7F.24
Dowley Gap WwTW	£m	3	0.005	0.006	0.801	0.269	0.030	3.925	0.000	0.000	0.000	0.000	0.000	0.000	0.075	0.150	7F.25
Draughton WwTW	£m	3	0.002	0.002	0.101	0.248	0.904	1.271	0.000	0.000	0.000	0.000	0.000	0.000	0.027	0.053	7F.26
Dronfield WwTW	£m	3	0.004	0.069	0.684	1.732	6.628	1.917	0.000	0.000	0.000	0.000	0.000	0.000	0.109	0.217	7F.27
East Marton WwTW	£m	3	0.001	0.001	0.002	0.257	0.668	0.882	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	7F.28
Eastwood WwTW	£m	3	0.004	0.005	0.537	0.483	0.048	2.922	0.000	0.000	0.000	0.000	0.000	0.000	0.030	0.060	7F.29
Elmsall STW	£m	3	0.004	0.145	0.401	0.238	5.548	3.142	0.000	0.000	0.000	0.000	0.000	0.000	0.192	0.384	7F.30
Embsay STW	£m	3	0.000	0.174	0.012	0.046	0.139	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.028	0.056	7F.31
Ewden (Stocksbridge) WwTW	£m	3	0.001	0.077	0.536	1.381	0.360	0.051	0.000	0.000	0.000	0.000	0.000	0.000	0.048	0.095	7F.32
Garforth STW	£m	3	0.004	0.012	0.183	0.552	2.721	0.794	0.000	0.000	0.000	0.000	0.000	0.000	0.097	0.194	7F.33
Grimethorpe STW	£m	3	0.001	0.145	0.340	1.783	0.286	0.897	0.000	0.000	0.000	0.000	0.000	0.000	0.074	0.148	7F.34
Halifax Copley WwTW	£m	3	0.001	0.155	0.593	0.617	-1.422	1.138	0.000	0.000	0.000	0.000	0.000	0.000	0.065	0.130	7F.35
Harome WwTW	£m	3	0.003	0.004	0.820	0.204	0.018	1.875	0.000	0.000	0.000	0.000	0.000	0.000	0.015	0.029	7F.36
Harrogate South WwTW	£m	3	0.001	0.001	0.289	0.822	0.120	1.105	0.000	0.000	0.000	0.000	0.000	0.000	0.061	0.122	7F.37
Hatfield Woodhouse STW	£m	3	0.003	0.154	0.138	0.117	2.315	0.574	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	7F.38
High Royd STW	£m	3	0.004	0.344	1.703	1.049	2.585	1.990	0.000	0.000	0.000	0.000	0.000	0.000	0.023	0.045	7F.39
Horbury WwTW	£m	3	0.001	0.001	0.425	0.097	0.251	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.039	0.078	7F.40
Hoylandswaine WwTW	£m	3	0.002	0.002	0.128	0.302	2.852	1.945	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	7F.41
Huddersfield Complex	£m	3	0.012	0.480	2.039	2.770	22.781	12.152	0.000	0.000	0.000	0.000	0.000	0.000	1.053	2.106	7F.42

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 7F – Continued

Wastewater Network Plus – WINEP phosphorus removal scheme costs and cost drivers

Scheme name and WINEPID reference	Units	DPs	Capital expenditure 2019–2020	2020–2021	2021–2022	2022–2023	2023–2024	2024–2025	After 2024–2025	Operating expenditure 2019–2020	2020–2021	2021–2022	2022–2023	2023–2024	2024–2025	After 2024–2025	RAG 4 reference
Ingbirchworth No2 WwTW	£m	3	0.002	0.002	0.111	0.368	1.014	0.425	0.000	0.000	0.000	0.000	0.000	0.000	0.016	0.032	7F.43
Keighley Marley STW	£m	3	0.012	0.235	0.810	1.314	2.490	6.933	0.000	0.000	0.000	0.000	0.000	0.000	0.425	0.850	7F.44
Killinghall STW	£m	3	0.025	0.094	0.095	0.560	9.604	13.556	0.000	0.000	0.000	0.000	0.000	0.000	0.121	0.241	7F.45
Kirk Smeaton WwTW Transfer to Norton	£m	3	0.001	0.102	0.160	0.224	1.083	1.666	0.000	0.000	0.000	0.000	0.000	0.000	0.007	0.014	7F.46
Kirkby Malzeard WwTW	£m	3	0.000	0.000	0.050	0.162	1.139	0.627	0.000	0.000	0.000	0.000	0.000	0.000	0.100	0.199	7F.47
Knostrop WwTW	£m	3	0.012	0.284	6.405	25.340	20.448	5.615	0.000	0.000	0.000	0.000	0.000	0.000	1.409	2.818	7F.48
Lemonroyd WwTW	£m	3	0.001	0.001	0.494	0.335	0.393	1.695	0.000	0.000	0.000	0.000	0.000	0.000	0.061	0.121	7F.49
Long Lane WwTW	£m	3	0.004	0.005	0.413	0.253	0.146	2.869	0.000	0.000	0.000	0.000	0.000	0.000	0.050	0.100	7F.50
Lundwood WwTW	£m	3	0.001	0.055	0.462	0.234	1.925	0.397	0.000	0.000	0.000	0.000	0.000	0.000	0.318	0.636	7F.51
Meltham WwTW	£m	3	0.003	0.004	0.664	1.032	0.108	1.285	0.000	0.000	0.000	0.000	0.000	0.000	0.062	0.124	7F.52
Mexborough Swinton WwTW	£m	3	0.001	0.001	0.074	0.180	1.201	0.153	0.000	0.000	0.000	0.000	0.000	0.000	0.040	0.079	7F.53
Neiley	£m	3	0.002	0.002	0.055	0.160	0.282	1.041	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	7F.54
Normanton WwTW	£m	3	0.001	0.002	0.442	0.194	0.604	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.089	0.178	7F.55
Norton STW	£m	3	0.002	0.114	0.277	0.239	3.441	0.742	0.000	0.000	0.000	0.000	0.000	0.000	0.064	0.127	7F.56
Old Whittington WwTW	£m	3	0.005	0.188	1.113	2.194	7.277	4.630	0.000	0.000	0.000	0.000	0.000	0.000	0.585	1.170	7F.57
Oxenhope WwTW	£m	3	0.002	1.847	2.526	0.678	0.308	0.000	0.000	0.000	0.000	0.060	0.115	0.115	0.115	0.115	7F.58
Pocklington STW P	£m	3	0.003	0.178	0.421	0.270	1.765	1.614	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	7F.59
Rainton WwTW	£m	3	0.002	0.002	0.055	0.325	0.981	0.254	0.000	0.000	0.000	0.000	0.000	0.000	0.152	0.303	7F.60
Redacre STW	£m	3	0.004	0.123	0.543	1.059	1.209	1.338	0.000	0.000	0.000	0.000	0.000	0.000	0.057	0.114	7F.61
Ripponden Wood WwTW	£m	3	0.002	0.042	0.277	0.368	1.007	5.411	0.000	0.000	0.000	0.000	0.000	0.000	0.182	0.364	7F.62

Key

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Table 7F – Continued

Wastewater Network Plus – WINEP phosphorus removal scheme costs and cost drivers

Scheme name and WINEPID reference	Units	DPs	Capital expenditure 2019–2020	2020–2021	2021–2022	2022–2023	2023–2024	2024–2025	After 2024–2025	Operating expenditure 2019–2020	2020–2021	2021–2022	2022–2023	2023–2024	2024–2025	After 2024–2025	RAG 4 reference
Sandall WwTW	£m	3	0.003	0.075	0.485	2.623	4.077	1.480	0.000	0.000	0.000	0.000	0.000	0.000	0.192	0.384	7F.63
Shaw Mills WwTW	£m	3	0.003	0.056	0.131	0.162	1.476	0.879	0.000	0.000	0.000	0.000	0.000	0.000	0.024	0.048	7F.64
Sherburn In Elmet	£m	3	0.003	0.162	0.217	0.541	2.358	1.743	0.000	0.000	0.000	0.000	0.000	0.000	0.090	0.179	7F.65
Sheriff Hutton STW	£m	3	0.010	1.695	0.222	0.005	0.012	0.000	0.000	0.000	0.000	0.016	0.033	0.033	0.033	0.033	7F.66
Skipton UWWTD	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	7F.67
Snaith WwTW	£m	3	0.000	0.000	0.312	0.180	0.380	0.378	0.000	0.000	0.000	0.000	0.000	0.000	0.019	0.038	7F.68
Stanley STW	£m	3	0.000	0.032	0.125	0.190	2.527	0.992	0.000	0.000	0.000	0.000	0.000	0.000	0.073	0.145	7F.69
Staveley WwTW	£m	3	0.003	0.003	0.017	0.496	0.469	1.428	0.000	0.000	0.000	0.000	0.000	0.000	0.043	0.086	7F.70
Stillington WwTW	£m	3	0.004	1.094	0.258	0.078	0.009	0.000	0.000	0.000	0.000	0.015	0.029	0.029	0.029	0.029	7F.71
Stockley STW	£m	3	0.003	0.070	0.290	0.196	2.264	0.032	0.000	0.000	0.000	0.000	0.000	0.000	0.041	0.082	7F.72
Sutton on the Forest	£m	3	0.009	1.702	0.653	0.085	0.015	0.000	0.000	0.000	0.000	0.054	0.108	0.108	0.108	0.108	7F.73
Sutton STW	£m	3	0.001	0.121	0.246	0.446	1.095	0.144	0.000	0.000	0.000	0.000	0.000	0.000	0.075	0.150	7F.74
Thorne STW	£m	3	0.001	0.131	0.274	0.346	1.095	0.031	0.000	0.000	0.000	0.000	0.000	0.000	0.060	0.119	7F.75
Thornton le Beans WwTW	£m	3	0.001	0.146	0.407	0.152	0.725	0.226	0.000	0.000	0.000	0.000	0.000	0.000	0.020	0.040	7F.76
Tupton WwTW	£m	3	0.004	0.005	0.572	0.634	0.981	1.479	0.000	0.000	0.000	0.000	0.000	0.000	0.058	0.116	7F.77
Upton Wrangbrook WFD	£m	3	0.007	0.124	0.178	0.245	3.994	2.634	0.000	0.000	0.000	0.000	0.000	0.000	0.041	0.081	7F.78
Wath on Dearne STW	£m	3	0.002	0.080	0.112	0.359	5.513	0.880	0.000	0.000	0.000	0.000	0.000	0.000	0.040	0.080	7F.79
Wombwell STW	£m	3	0.000	0.148	0.227	0.649	0.552	0.200	0.000	0.000	0.000	0.000	0.000	0.000	0.075	0.149	7F.80
Woodhouse Mill WwTW	£m	3	0.002	0.225	1.019	0.877	1.930	0.181	0.000	0.000	0.000	0.000	0.000	0.000	0.216	0.432	7F.81
Worsbrough	£m	3	0.002	0.059	0.277	0.677	2.938	0.551	0.000	0.000	0.000	0.000	0.000	0.000	0.081	0.162	7F.82
Total	£m	3	0.270	13.716	45.735	83.396	202.594	141.327	0.000	0.000	0.028	0.208	0.354	0.354	11.079	21.803	7F.201

Key

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Table 7F – Continued

Wastewater Network Plus – WINEP phosphorus removal scheme costs and cost drivers

			Cost driver 1	Cost driver 2	Cost driver 3	Cost driver 4	Cost driver 5	Cost driver 6	Cost driver 7	Cost driver 8	Cost driver 9	
Scheme name and WINEPID reference	Units	DPs	Scheme design population equivalent	Historical permit level for phosphorus (mg/L)	Enhanced permit level for phosphorus (mg/L)	Permit change only (Y/N)	Catchment-based solution (Y/N)	Length of transfer pipeline (km)	Annual Average Daily Transferred flow (cu.m/d)	Company specific	Company specific	RAG 4 reference
Leeming Bar	£m	3	11,146.000	n/a	0.500							7F.1
Ackworth WwTW	£m	3	9,856.000	n/a	0.500							7F.2
Adwick No 2 STW	£m	3	26,913.000	n/a	0.300							7F.3
Aldwarke WwTW	£m	3	127,978.000	n/a	0.700							7F.4
Balby STW	£m	3	22,605.000	2.000	0.250							7F.5
Bentley STW	£m	3	26,146.000	n/a	0.250							7F.6
Bishop Wilton WwTW	£m	3	484.000	n/a	1.000							7F.7
Blackburn Meadows	£m	3	622,737.000	n/a	0.300							7F.8
Bolsover STW	£m	3	11,848.000	n/a	0.300							7F.9
Bolton On Dearne	£m	3	32,774.000	n/a	2.000							7F.10
Bradford Esholt WwTW	£m	3	539,336.000	n/a	0.500							7F.11
Caldervale	£m	3	131,330.000	n/a	0.600							7F.12
Carleton STW	£m	3	7,447.000	n/a	0.250							7F.13
Carthorpe WwTW	£m	3	1,109.000	n/a	0.500							7F.14
Castleford WwTW	£m	3	42,668.000	n/a	2.000							7F.15
Cheesebottom WwTW	£m	3	18,938.000	n/a	0.500							7F.16
Clayton West WwTW	£m	3	23,872.000	n/a	0.250							7F.17
Clifton STW	£m	3	180.000	n/a	4.000							7F.18
Crofton STW	£m	3	10,664.000	n/a	0.700							7F.19
Danesmoor STW	£m	3	7,501.000	n/a	0.400							7F.20
Darton WwTW	£m	3	30,478.000	n/a	2.000							7F.21

Key

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Table 7F – Continued

Wastewater Network Plus – WINEP phosphorus removal scheme costs and cost drivers

			Cost driver 1	Cost driver 2	Cost driver 3	Cost driver 4	Cost driver 5	Cost driver 6	Cost driver 7	Cost driver 8	Cost driver 9	
Scheme name and WINEPID reference	Units	DPs	Scheme design population equivalent	Historical permit level for phosphorus (mg/L)	Enhanced permit level for phosphorus (mg/L)	Permit change only (Y/N)	Catchment-based solution (Y/N)	Length of transfer pipeline (km)	Annual Average Daily Transferred flow (cu.m/d)	Company specific	Company specific	RAG 4 reference
Denaby WwTW	£m	3	35,311.000	n/a	0.600							7F.22
Dewsbury WwTW	£m	3	383,823.000	n/a	0.480							7F.23
Dishforth WwTW	£m	3	714.000	n/a	2.500							7F.24
Dowley Gap WwTW	£m	3	46,076.000	n/a	0.600							7F.25
Draughton WwTW	£m	3	402.000	n/a	2.000							7F.26
Dronfield WwTW	£m	3	24,518.000	n/a	0.300							7F.27
East Marton WwTW	£m	3	207.000	n/a	4.000							7F.28
Eastwood WwTW	£m	3	17,415.000	n/a	0.500							7F.29
Elmsall STW	£m	3	41,954.000	n/a	0.300							7F.30
Embsay STW	£m	3	2,123.000	2.000	0.250							7F.31
Ewden (Stocksbridge) WwTW	£m	3	13,950.000	n/a	0.900							7F.32
Garforth STW	£m	3	49,314.000	n/a	0.250							7F.33
Grimethorpe STW	£m	3	17,097.000	n/a	0.250							7F.34
Halifax Copley WwTW	£m	3	167,989.000	n/a	0.300							7F.35
Harome WwTW	£m	3	1,627.000	n/a	0.250							7F.36
Harrogate South WwTW	£m	3	43,698.000	n/a	0.400							7F.37
Hatfield Woodhouse STW	£m	3	0 (transfer)	n/a	n/a							7F.38
High Royd STW	£m	3	13,559.000	n/a	0.500							7F.39
Horbury WwTW	£m	3	19,102.000	n/a	0.700							7F.40
Hoylandswaine WwTW	£m	3	1,159.000	n/a	0.400							7F.41
Huddersfield Complex	£m	3	312,683.000	n/a	0.500							7F.42

Key

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Table 7F – Continued

Wastewater Network Plus – WINEP phosphorus removal scheme costs and cost drivers

			Cost driver 1	Cost driver 2	Cost driver 3	Cost driver 4	Cost driver 5	Cost driver 6	Cost driver 7	Cost driver 8	Cost driver 9	
Scheme name and WINEPID reference	Units	DPs	Scheme design population equivalent	Historical permit level for phosphorus (mg/L)	Enhanced permit level for phosphorus (mg/L)	Permit change only (Y/N)	Catchment-based solution (Y/N)	Length of transfer pipeline (km)	Annual Average Daily Transferred flow (cu.m/d)	Company specific	Company specific	RAG 4 reference
Ingbirchworth No2 WwTW	£m	3	662.000	n/a	1.000							7F.43
Keighley Marley STW	£m	3	104,720.000	n/a	0.400							7F.44
Killinghall STW	£m	3	3,748.000	n/a	0.500							7F.45
Kirk Smeaton WwTW Transfer to Norton	£m	3	0 (transfer)	n/a	n/a							7F.46
Kirkby Malzeard WwTW	£m	3	1,795.000	n/a	1.500							7F.47
Knostrop WwTW	£m	3	870,076.000	n/a	0.400							7F.48
Lemonroyd WwTW	£m	3	39,823.000	n/a	2.000							7F.49
Long Lane WwTW	£m	3	26,809.000	n/a	0.500							7F.50
Lundwood WwTW	£m	3	112,732.000	n/a	2.000							7F.51
Meltham WwTW	£m	3	9,707.000	n/a	0.400							7F.52
Mexborough Swinton WwTW	£m	3	19,027.000	n/a	1.000							7F.53
Neiley	£m	3	32,985.000	n/a	0.400							7F.54
Normanton WwTW	£m	3	53,425.000	n/a	0.800							7F.55
Norton STW	£m	3	12,059.000	n/a	0.250							7F.56
Old Whittington WwTW	£m	3	132,236.000	n/a	0.300							7F.57
Oxenhope WwTW	£m	3	2,604.000	n/a	0.300							7F.58
Pocklington STW P	£m	3	11,336.000	1.000	0.250							7F.59
Rainton WwTW	£m	3	436.000	n/a	3.000							7F.60
Redacre STW	£m	3	9,579.000	n/a	0.500							7F.61
Ripponden Wood WwTW	£m	3	6,069.000	n/a	0.500							7F.62

Key
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Table 7F – Continued

Wastewater Network Plus – WINEP phosphorus removal scheme costs and cost drivers

			Cost driver 1	Cost driver 2	Cost driver 3	Cost driver 4	Cost driver 5	Cost driver 6	Cost driver 7	Cost driver 8	Cost driver 9	
Scheme name and WINEPID reference	Units	DPs	Scheme design population equivalent	Historical permit level for phosphorus (mg/L)	Enhanced permit level for phosphorus (mg/L)	Permit change only (Y/N)	Catchment-based solution (Y/N)	Length of transfer pipeline (km)	Annual Average Daily Transferred flow (cu.m/d)	Company specific	Company specific	RAG 4 reference
Sandall WwTW	£m	3	107,604.000	n/a	2.000							7F.63
Shaw Mills WwTW	£m	3	716.000	n/a	1.000							7F.64
Sherburn In Elmet	£m	3	16,896.000	5.000	0.500							7F.65
Sheriff Hutton STW	£m	3	1,433.000	n/a	1.000							7F.66
Skipton UWWTD	£m	3	19,750.000	0.500	0.300							7F.67
Snaith WwTW	£m	3	10,708.000	n/a	2.000							7F.68
Stanley STW	£m	3	24,110.000	n/a	1.000							7F.69
Staveley WwTW	£m	3	39,714.000	n/a	0.250							7F.70
Stillington WwTW	£m	3	877.000	n/a	1.500							7F.71
Stockley STW	£m	3	3,215.000	n/a	0.500							7F.72
Sutton on the Forest	£m	3	1,778.000	n/a	0.700							7F.73
Sutton STW	£m	3	73,525.000	n/a	1.000							7F.74
Thorne STW	£m	3	51,857.000	n/a	2.000							7F.75
Thornton le Beans WwTW	£m	3	208.000	n/a	1.500							7F.76
Tupton WwTW	£m	3	12,093.000	n/a	0.250							7F.77
Upton Wrangbrook WFD	£m	3	7,357.000	n/a	0.500							7F.78
Wath on Dearne STW	£m	3	24,667.000	n/a	2.000							7F.79
Wombwell STW	£m	3	71,921.000	n/a	2.000							7F.80
Woodhouse Mill WwTW	£m	3	157,589.000	n/a	0.900							7F.81
Worsbrough	£m	3	26,960.000	n/a	2.000							7F.82

Key

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Prior to the start of AMP7 regulatory outputs are agreed between the Environment Agency and Yorkshire Water. Dates for the outputs are agreed, with a maximum delivery date as the end of AMP7 (31 March 2025).

There have been no Phosphorus schemes claimed as completed within the reporting year, therefore the reportable figure for PE and Historic/Enhanced permit consent will be zero. This zero output has been checked with the WINEP Senior Asset Planning Sponsor and confirmed as correct.

Site population equivalent (000s) (defined within the Ofwat RAG as the Design PE):
No sites claimed therefore reporting **zero**.

Historic consent for Phosphorus (mg/l):
No sites claimed therefore reporting **zero**.

Enhanced consent for Phosphorus (mg/l):
No sites claimed therefore reporting **zero**.

Capital Expenditure

We have included the actual spend to date and the internal forecast of expenditure for the rest of the AMP.

The reported in year capital expenditure is aligned with **Table 4M** line 35.

Opex

As per 2021/2022, operating expenditure for the current year is minimal. This reconciles back to **Table 4M**.

The operating expenditure for future years is a best estimate at this point in time.

Table 8: Additional regulatory information – bioresources

Introduction

The information in this section details 'Additional regulatory information – bioresources' as required by Ofwat, with a brief description of significant variances compared to previous years. The information in this section comprises the following tables:

Pro forma 8A	Bioresources sludge data for the 12 months ended 31 March 2023
Pro forma 8B	Bioresources operating expenditure analysis for the 12 months ended 31 March 2023
Pro forma 8C	Bioresources energy and liquors analysis for the 12 months ended 31 March 2023
Pro forma 8D	Bioresources sludge treatment and disposal data for the 12 months ended 31 March 2023

Table 8A

Bioresources sludge data for the 12 months ended 31 March 2023

Line description	Units	DPs	Total	RAG 4 reference
Total sewage sludge produced, treated by incumbents	ttds/year	1	144.5	8A.1
Total sewage sludge produced, treated by 3rd party sludge service provider	ttds/year	1	0.0	8A.2
Total sewage sludge produced	ttds/year	1	144.5	8A.3
Total sewage sludge produced from non-appointed liquid waste treatment	ttds/year	1	6.0	8A.4
Percentage of sludge produced and treated at a site of STW and STC co-location	%	2	70.75	8A.5
Total sewage sludge disposed by incumbents	ttds/year	1	80.1	8A.6
Total sewage sludge disposed by 3rd party sludge service provider	ttds/year	1	0.0	8A.7
Total sewage sludge disposed	ttds/year	1	80.1	8A.8
Total measure of intersiting 'work' done by pipeline	ttds*km/year	0	2	8A.9
Total measure of intersiting 'work' done by tanker	ttds*km/year	0	911	8A.10
Total measure of intersiting 'work' done by truck	ttds*km/year	0	1,173	8A.11
Total measure of intersiting 'work' done (all forms of transportation)	ttds*km/year	0	2,086	8A.12
Total measure of intersiting 'work' done by tanker (by volume transported)	m³*km/yr	0	32,447,641	8A.13
Total measure of 'work' done in sludge disposal operations by pipeline	ttds*km/year	0	0	8A.14
Total measure of 'work' done in sludge disposal operations by tanker	ttds*km/year	0	0	8A.15
Total measure of 'work' done in sludge disposal operations by truck	ttds*km/year	0	3,796	8A.16
Total measure of 'work' done in sludge disposal operations (all forms of transportation)	ttds*km/year	0	3,796	8A.17
Total measure of 'work' done by tanker in sludge disposal operations (by volume transported)	m³*km/yr	0	0	8A.18
Chemical P sludge as % of sludge produced at STWs	%	2	4.49	8A.19

8A.1-3: We measure the sludge produced (8A.3) and the sludge treated by third party sludge treatment providers (8A.2) and calculate 8A.1 as the difference between these two numbers. Sludge production of 144.5tTDS remains consistent with last years volumes, and in line with a four year average we use to track performance.

8A.4: We have seen a marginal reduction in volume reported against this item, when compared to 2021/2022, moving from 6.2 to 6.0. This is mainly due to the volumes of tankared imported waste decreasing, resulting in an overall decrease in sludge production.

8A.5: This volume is where we expected it to be and remains consistent with 2021/2022.

8A.6-8: During 2022/2023, there has only been a small portion of legacy materials recycled, thus resulting in a reduction from last years reported value of 100.5.

8A.9: This volume is where we expected it to be and remains consistent with 2021/2022.

8A.10: We have seen an 11% increase when comparing the volume reported for this year, against the 814 reported for 2021/2022. Although this isn't a significant increase, the main reason for this is that we have seen a slightly increased volume of sludge production during 2022/2023.

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

8A.11: We have seen a marginal increase of 2.4% against this measure when comparing to 2021/2022. Both our sites at Knostrop and Esholt have had extended period of cake import facility downtime, increasing the imports to Huddersfield. This has also led to more liquid sludge movement.

8A.13: When comparing to 2021/2022, we have seen an 8% increase in volume against this item. The average distance per journey has increased from 28.62km to 30.88km which is a 7.4% increase, this is believed to be the main contributing factor for the small increase.

8A.16 & 17: During 2022/2023, we have seen a decrease in the 'work done by truck' due to a considerable reduction in exports of Recycling Legacy Materials to Land Reclamation in Leeds. However, further distances have been travelled for agricultural work.

8A.19: 4.49% of our total sludge produced came from Wastewater Treatment Works which use chemical dosing for phosphate removal. These sites are all chemically dosed to remove phosphorus. This is an increase from the 4.20% reported for 2021/2022.

Table 8B
Bioresources operating expenditure analysis for the 12 months ended 31 March 2023

Line description	Units	DPs	Pipeline	Tanker	Truck	Total	RAG 4 reference
Sludge transport method							
Power	£m	3	0.000	0.000	0.000	0.000	8B.1
Income treated as negative expenditure	£m	3	0.000	0.000	0.000	0.000	8B.2
Discharge consents	£m	3	0.000	0.000	0.000	0.000	8B.3
Bulk discharge	£m	3	0.000	0.000	0.000	0.000	8B.4
Other operating expenditure							
Renewals expensed in year (Infrastructure)	£m	3	0.000	0.000	0.000	0.000	8B.5
Renewals expensed in year (Non-Infrastructure)	£m	3	0.000	0.000	0.000	0.000	8B.6
Other operating expenditure excluding renewals	£m	3	0.000	9.633	0.000	9.633	8B.7
Total functional expenditure	£m	3	0.000	9.633	0.000	9.633	8B.8
Local authority and Cumulo rates	£m	3	0.000	0.000	0.000	0.000	8B.9
Total operating expenditure (excluding 3rd party)	£m	3	0.000	9.633	0.000	9.633	8B.10

Key
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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 8B – Continued

Bioresources operating expenditure analysis for the 12 months ended 31 March 2023

Line description	Units	DPs	Untreated Sludge	Raw Sludge liming	Conventional AD	Incineration of raw sludge	Photo-conditioning/ composting	Advanced Anaerobic Digestion	Other	Total	RAG 4 reference
Sludge treatment type											
Power	£m	3	-0.044	0.000	-6.187	0.000	0.000	-1.110	0.000	-7.341	8B.11
Income treated as negative expenditure	£m	3	-0.008	0.000	-1.138	0.000	0.000	-0.625	0.000	-1.771	8B.12
Discharge consents	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	8B.13
Bulk discharge	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	8B.14
Other operating expenditure											
Renewals expensed in year (Infrastructure)	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	8B.15
Renewals expensed in year (Non-Infrastructure)	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	8B.16
Other operating expenditure excluding renewals	£m	3	0.129	0.000	18.312	0.000	0.000	4.011	0.000	22.452	8B.17
Total functional expenditure	£m	3	0.077	0.000	10.987	0.000	0.000	2.276	0.000	13.340	8B.18
Local authority and Cumulo rates	£m	3	0.007	0.000	1.061	0.000	0.000	0.219	0.000	1.287	8B.19
Total operating expenditure (excluding 3rd party)	£m	3	0.084	0.000	12.048	0.000	0.000	2.495	0.000	14.627	8B.20

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 8B – Continued

Bioresources operating expenditure analysis for the 12 months ended 31 March 2023

Line description	Units	DPs	Landfill, raw	Landfill, partly treated	Land restoration/ reclamation	Sludge recycled to farmland	Incineration of digested Sludge	Other	Total	RAG 4 reference
Sludge disposal route										
Power	£m	3	0.000	0.000	0.000	0.027	0.000	0.000	0.027	8B.21
Income treated as negative expenditure	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	8B.22
Discharge consents	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	8B.23
Bulk discharge	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	8B.24
Other operating expenditure										
Renewals expensed in year (Infrastructure)	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	8B.25
Renewals expensed in year (Non-Infrastructure)	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	8B.26
Other operating expenditure excluding renewals	£m	3	0.030	0.118	0.449	8.737	0.000	0.000	9.334	8B.27
Total functional expenditure	£m	3	0.030	0.118	0.449	8.764	0.000	0.000	9.361	8B.28
Local authority and Cumulo rates	£m	3	0.000	0.000	0.000	0.000	0.000	0.000	0.000	8B.29
Total operating expenditure (excluding 3rd party)	£m	3	0.030	0.118	0.449	8.764	0.000	0.000	9.361	8B.30

Bioresources operating expenditure analysis

This table is a disaggregation of Table 4E bioresources costs into sludge treatment, transport, and disposal, and reconciles to line 11.

To allocate the sludge treatment costs, all relevant assets were classified according to the tables in line with RAG 4.11, with sludge treatment costs directly allocated by site where possible into the relevant treatment categories (Untreated Sludge, Conventional & Advanced).

Total operating cost for bioresources price control has increased in 2022/2023, for more information on year on year variances refer to the commentary for Table 2B, 4E or within our Accounting Separation Methodology.

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 8C
Bioresources energy and liquors analysis for the 12 months ended 31 March 2023

Line description	Units	DPs	Electricity MWh (0 DPs)	Heat MWh (0 DPs)	Biomethane MWh (0 DPs)	Total MWh (0 DPs)	Electricity £m (3 DPs)	Heat £m (3 DPs)	Biomethane £m (3 DPs)	Total £m (3 DPs)	RAG 4 reference
Energy											
Energy consumption - bioresources	n/a	n/a				69,352				10.926	8C.1
Energy generated by and used in bioresources control	n/a	n/a	13,041	117,573	0	130,614	2.606	8.163	0.000	10.769	8C.2
Energy generated by bioresources and used in Network Plus control	n/a	n/a	58,535	0	0	58,535	11.697	0.000	0.000	11.697	8C.3
Energy generated by bioresources and exported to the grid or third party	n/a	n/a	4,912	0	0	4,912	0.855	0.000	0.000	0.855	8C.4
Energy generated by bioresources that is unused	n/a	n/a	0	145,342	0	145,342					8C.5
Energy bought from grid or third party and used in bioresources control	n/a	n/a	4,621	26,781	0	31,402	0.923	1.873	0.000	2.796	8C.6

Income from renewable energy subsidies	Unit	DPs	Value	RAG 4 reference
Income claimed from Renewable Energy Certificates (ROCs)	£m	3	1.771	8C.7
Income claimed from Renewable Heat Incentives (RHIs)	£m	3	0.000	8C.8
Income claimed from [other renewable energy subsidy (1)]	£m	3	0.000	8C.9
Income claimed from [other renewable energy subsidy (2)]	£m	3	0.000	8C.10
Income claimed from [other renewable energy subsidy (3)]	£m	3	0.000	8C.11
Total income claimed from renewable energy subsidies	£m	3	1.771	8C.12
% of total number of renewable energy subsidies due to expire in the next 2 financial years	%	0	0%	8C.13
This year's value of renewable energy subsidies due to expire in the next 2 financial years	£m	3	0.000	8C.14

Note: Companies to input specific subsidy which is being referenced in lines 8C.8 - 8C.10.

Key
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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

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Table 8C – Continued

Bioresources energy and liquors analysis for the 12 months ended 31 March 2023

Bioresources liquors treated by Network Plus (shadow reported)	Unit	DPs	Value	RAG 4 reference
BOD load of liquor or partially treated liquor returned from bioresources to Network Plus	kg/d	0	17,675	8C.15
Ammonia load of liquor or partially treated liquor returned from bioresources to Network Plus	kg Amm-N/d	0	4,764	8C.16
Recharge to Bioresources by Network Plus for costs of handling and treating bioresources liquors	£m	3	7.840	8C.17

Line description	Units	DPs	Electricity MWh (0 DPs)	Heat MWh (0 DPs)	Biomethane MWh (0 DPs)	Total MWh (0 DPs)	Electricity £m (3 DPs)	Heat £m (3 DPs)	Biomethane £m (3 DPs)	Total £m (3 DPs)	RAG 4 reference
Energy (AMP 7 shadow reported values)											
Energy consumption - bioresources	n/a	n/a				66,352				10.926	8C.18
Energy generated by and used in bioresources control	n/a	n/a	13,041	117,573	0	130,614	2.606	8.163	0.000	10.769	8C.19
Energy generated by bioresources and used in Network Plus control	n/a	n/a	58,535	0	0	58,535	11.697	0.000	0.000	11.697	8C.20
Energy generated by bioresources and exported to the grid or third party	n/a	n/a	4,912	0	0	4,912	0.855	0.000	0.000	0.855	8C.21
Energy generated by bioresources that is unused	n/a	n/a	0	145,342	0	145,342					8C.22
Energy bought from grid or third party and used in bioresources control	n/a	n/a	4,621	26,781	0	31,402	0.923	1.873	0.000	2.796	8C.23
	%										
Percentage of bioresources energy consumption that is metered	0.000%										8C.24

Key
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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

This tables helps the industry ensure there is consistency for energy and liquor treatment in bioresources.

8C.1: We have used total costs for energy consumption within bioresources, and an allowance has been added for overheads and fleet costs.

8C.2-6: We have used the volumetric data within this table and applied a market unit price for calculating the electricity and heat financials.

A different unit rate has been used for electricity generated by bioresources and exported to the grid or third party (line 8C.4).

We have assumed any heat generated in bioresources was from biogas. As a result, we have applied the same unit price of natural gas that we purchase this at, where it is required in the business.

8C.7: This line is the same as 4K.2 for income treated a negative expenditure for bioresources only.

8C.17: We have worked closely with Jacobs in order to quantify the cost of sludge liquor treatment.

Following consultation with the operational business we have used Biochemical Oxygen Demand (BOD) and ammonia as our determinants.

$$C = W \frac{(BOD_l + 4.75A_l)V}{(BOD_h + 4.75A_h)I}$$

Operating costs associated with 2021/2022 and capital expenditure has been annualised from the Modern Equivalent Asset Value (MEAV) only for assets which are impacting liquors within the wastewater Network Plus price control. There has been a decrease in costs from 2021/2022 due to lower flows in 2022/2023.

8C.18-23: The AMP7 shadow reported values are the same as 8C.1-6.

Table 8D

Bioresources sludge treatment and disposal data for the 12 months ended 31 March 2023

Line description	Units	DPs	By incumbent	By 3rd party sludge service providers	RAG 4 reference
Sludge treatment process					
% Sludge - untreated	%	1	0.7%	0.0%	8D.1
% Sludge treatment process - raw sludge liming	%	1	0.0%	0.0%	8D.2
% Sludge treatment process - conventional AD	%	1	82.5%	0.0%	8D.3
% Sludge treatment process - advanced AD	%	1	16.8%	0.0%	8D.4
% Sludge treatment process - incineration of raw sludge	%	1	0.0%	0.0%	8D.5
% Sludge treatment process - other (specify)	%	1	0.0%	0.0%	8D.6
% Sludge treatment process - Total	%	1	100.0%	0.0%	8D.7
(Un-incinerated) sludge disposal and recycling route					
% Sludge disposal route - landfill, raw	%	1	0.3%	0.0%	8D.8
% Sludge disposal route - landfill, partly treated	%	1	1.2%	0.0%	8D.9
% Sludge disposal route - land restoration/reclamation	%	1	4.7%	0.0%	8D.10
% Sludge disposal route - sludge recycled to farmland	%	1	93.7%	0.0%	8D.11
% Sludge disposal route - other (specify)	%	1	0.0%	0.0%	8D.12
% Sludge disposal route - Total	%	1	99.9%	0.0%	8D.13

8D.1-7: 99.3% of our sludge was treated via digestion which is up 0.7% from 2021/2022. This improvement is down to the operation of Huddersfield digesters, which brings additional capacity. Untreated sludge is down from 1.4% to 0.7%.

Please note, that our untreated sludge is a combination of sludge which has been produced but is awaiting treatment, as well as sludge sent to a third party untreated.

The total of sludge treated internally looks likely to remain static for the foreseeable future. Third party treatment could grow to 5% due to the economic benefit provided by the market, although this is subject further validation and commercial processes.

8D.8: 0.3% of raw sludge was disposed of to landfill because of a storm tank cleaning project, whereby the sludge was contaminated with toxic metals.

8D.9: A single disposal of legacy materials from four sites, in which two were contaminated with Giant Hogweed plants and seeds, and the remaining two failed the lead limit.

8D.10: A decrease in the disposal route to Land Reclamation when compared to 2021/2022. This is due to the majority of the legacy material being recycled for land reclamation during the previous reporting year and only a small tonnage in this reporting year.

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

8D.11: An increase in percentage of the annual total disposed of to farmland due to a decrease of legacy material disposal. However, there was a decrease in the overall volume of sludge disposed to agriculture from last year.

The below shows how we have disposed of our sludge over the last 3 years:

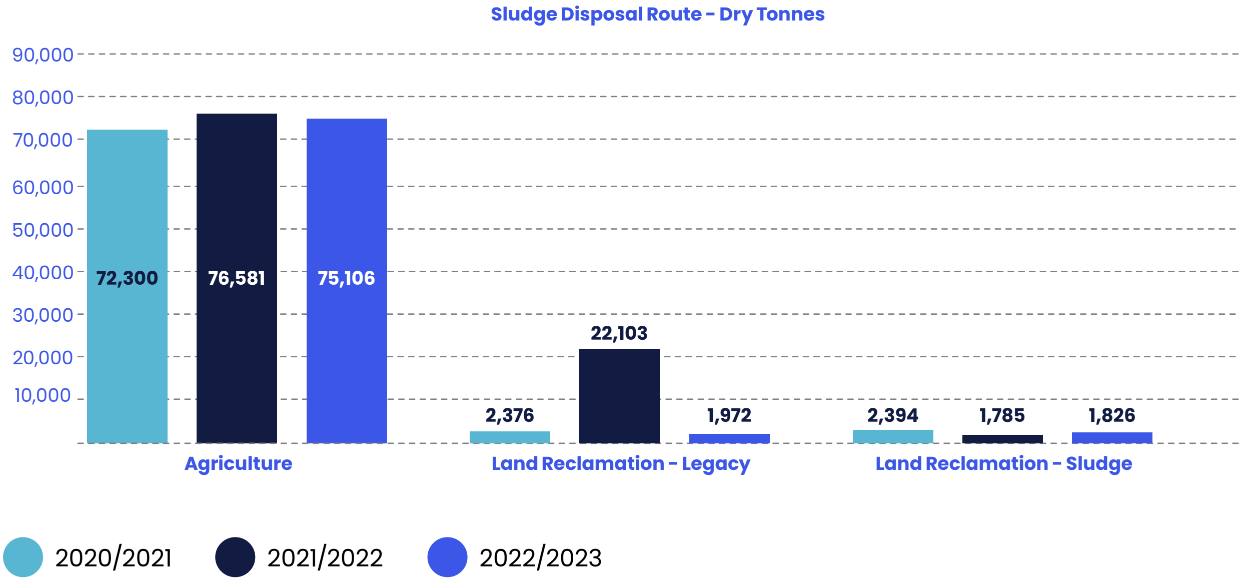

Table 9: Additional regulatory information – innovation competition

Introduction

The information in this section details 'Additional regulatory information – innovation competition' as required by Ofwat, with a brief description of significant variances compared to previous years. The information in this section comprises the following tables:

Pro forma 9A Innovation competition

Table 9A
Innovation competition

Line description	Units	DPs	Current year	RAG 4 reference
Allowed				
Allocated innovation competition fund price control revenue	£m	3	4.155	9A.1
Revenue collected for the purposes of the innovation competition				
Innovation fund income from customers	£m	3	4.155	9A.2
Income from customers to fund innovation projects the company is leading on	£m	3	0.015	9A.3
Income from customers as part of the inflation top-up mechanism	£m	3	0.000	9A.4
Income from other water companies to fund innovation projects the company is leading on	£m	3	0.159	9A.5
Income from customers that is transferred to other companies as part of the innovation fund	£m	3	5.238	9A.6
Non-price control revenue (e.g. royalties)	£m	3	0.000	9A.7
Administration				
Administration charge for innovation partner	£m	3	0.158	9A.8

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 9A – Continued

Innovation competition

Line description	Total amount of funding awarded to the lead company through the innovation fund	Total amount of inflation top-up funding received	Forecast expenditure on innovation fund projects in year (excl 10% partnership contribution)	Actual expenditure on innovation fund projects in year (excl 10% partnership contribution)	Difference between actual and forecast expenditure	Forecast project lifecycle expenditure on innovation fund projects (excl 10% partnership contribution)	Cumulative actual expenditure on innovation fund projects (excl 10% partnership contribution)	Difference between actual and forecast expenditure	Allowed future expenditure on innovation fund projects (excl 10% partnership contribution)	In year expenditure on innovation projects funded by shareholders of the lead water company	In year expenditure on innovation projects funded by project partner contributions	Cumulative expenditure on innovation projects funded by shareholders of the lead water company	Cumulative expenditure on innovation projects funded by project partner contributions	
Units DPs	£m 3	£m 3	£m 3	£m 3	£m 3	£m 3	£m 3	£m 3	£m 3	£m 3	£m 3	£m 3	£m 3	RAG 4 reference
Designer Liner - Phase 1	0.174	0.000	0.165	0.165	0.000	0.230	0.200	-0.030	0.000	0.000	0.000	0.000	0.000	9A.9
Innovation project 2					0.000			0.000						9A.10
Innovation project 3					0.000			0.000						9A.11
Innovation project 4					0.000			0.000						9A.12
Innovation project 5					0.000			0.000						9A.13
Innovation project 6					0.000			0.000						9A.14
Innovation project 7					0.000			0.000						9A.15
Innovation project 8					0.000			0.000						9A.16
Innovation project 9					0.000			0.000						9A.17
Innovation project 10					0.000			0.000						9A.18
Innovation project 11					0.000			0.000						9A.19
Innovation project 12					0.000			0.000						9A.20
Innovation project 13					0.000			0.000						9A.21
Innovation project 14					0.000			0.000						9A.22
Innovation project 15					0.000			0.000						9A.23
Total	0.174	0.000	0.165	0.165	0.000	0.230	0.200	-0.030	0.000	0.000	0.000	0.000	0.000	9A.24

Key

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Statement on innovation competition

Ofwat established the £200m Innovation Fund to stimulate more rapid adoption of transformational innovation within the water sector and encourage greater collaboration between companies.

The Fund was launched as a pilot in November 2020 and utilises money collected directly from customers by water companies who hold and distribute to winning bids in competitions held by Ofwat and their partners Challenge Works (formerly known as Nesta Challenges) and supported by Arup and Isle Utilities. The first three competitions were held during 2021/2022: Innovation in Water Challenge, Water Breakthrough Challenge and the Water Breakthrough Challenge 2 (WBC2). Water Breakthrough Challenge 3, opened in October 2022, with £38m available across two streams of funding along with a new £4m open access fund, the Water Discovery Challenge, targeted at non water companies.

Yorkshire Water has so far won one bid as lead applicant (Designer Liner) and supported a further eight. An additional bid was part funded and currently under negotiation with Ofwat. The total value of all projects we are formal partners in is around £25m. For the current round we have submitted three bids as lead applicant and the outcome will be announced in May 2023. Designer Liner is currently in the delivery phase with £177,380 received from Ofwat. All bids require an additional minimum 10% match funding contribution which cannot be funded from customer bills. Delays to contracting mean that the sum of £19,320 is currently being collected from partner water companies and this will be added to the project budget and used solely for that purpose as mandated in the terms of the fund.

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Table 11: Additional regulatory information – Greenhouse gas emissions

Introduction

The information in this section details 'Additional regulatory information – Greenhouse gas emissions' as required by Ofwat. The information in this section comprises the following tables:

Table 11A

Operational greenhouse gas emissions reporting for the 12 months ended 31 March 2023

Line description	Unit / DPs	Operational emissions: Water (tCO₂e, 3)	Operational emissions: Wastewater (tCO₂e, 3)	Operational emissions: Total (tCO₂e, 3)	RAG 4 reference
	Unit	tCO_2e	tCO_2e	tCO_2e	
	DPs	3	3	3	
Scope one emissions					
Burning of fossil fuels (location-based)		654.406	6,279.971	6,934.377	11A.1
Burning of fossil fuels (market-based)		213.678	5,297.615	5,511.293	11A.2
Process and fugitive emissions		-	68,638.169	68,638.169	11A.3
Vehicle transport		3,807.142	3,807.142	7,614.284	11A.4
Emissions from land		-	-	-	11A.5
Total scope one emissions (location-based)		4,461.548	78,725.282	83,186.830	11A.6
Total scope one emissions (market-based)		4,020.821	77,742.926	81,763.746	11A.7
Scope one emissions; GHG type CO_2		4,405.109	9,910.299	14,315.407	11A.8
Scope one emissions; GHG type CH_4		1.594	36,264.798	36,266.392	11A.9
Scope one emissions; GHG type N_2O		54.844	32,550.185	32,605.029	11A.10
Scope one emissions: GHG other types		-	-	-	11A.11
Scope two emissions					
Purchased electricity (location-based)		57,406.750	48,297.321	105,704.071	11A.12
Purchased electricity (market-based)		4.332	4.332	8.663	11A.13
Purchased heat		-	-	-	11A.14
Electric vehicles		0.160	0.160	0.319	11A.15
Removal of electricity to charge electric vehicles at site		-0.160	-0.160	-0.319	11A.16
Total scope two emissions (location-based)		57,406.750	48,297.321	105,704.071	11A.17
Total scope two emissions (market-based)		4.332	4.332	8.663	11A.18
Scope two emissions; GHG type CO_2		56,762.722	47,755.514	104,518.236	11A.19
Scope two emissions; GHG type CH_4		237.488	199.803	437.292	11A.20
Scope two emissions; GHG type N_2O		406.699	342.163	748.862	11A.21
Scope two emissions: GHG other types		-	-	-	11A.22

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Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 11A – Continued

Operational greenhouse gas emissions reporting for the 12 months ended 31 March 2023

		Operational emissions			
		Water	Wastewater	Total	
	Unit	tCO_2e	tCO_2e	tCO_2e	RAG 4 reference
Line description	DPs	3	3	3	
Scope three emissions					
Business travel		175.045	175.045	350.091	11A.23
Outsourced activities		2,134.194	6,142.605	8,276.799	11A.24
Purchased electricity; extraction, production, transmission and distribution (location-based)		20,236.933	17,025.692	37,262.626	11A.25
Purchased electricity; extraction, production, transmission and distribution (market-based)		-	-	-	11A.26
Purchased heat; extraction, production, transmission and distribution		33.235	134.273	167.508	11A.27
Purchased fuels; extraction, production, transmission and distribution		1,336.222	2,485.198	3,821.420	11A.28
Chemicals		36,883.550	6,376.650	43,260.200	11A.29
Disposal of waste		-	-	-	11A.30
Total scope three emissions (location-based)		60,799.179	32,339.464	93,138.643	11A.31
Total scope three emissions (market-based)		40,562.246	15,313.772	55,876.018	11A.32
Scope three emissions; GHG type CO_2		7,469.063	10,529.555	17,998.618	11A.33
Scope three emissions; GHG type CH_4		21.739	85.755	107.494	11A.34
Scope three emissions; GHG type N_2O		69.885	120.477	190.362	11A.35
Scope three emissions: GHG other types		-	-	-	11A.36
Gross operational emissions (Scopes 1,2 and 3)					
Gross operational emissions (location-based)		122,667.478	159,362.067	282,029.544	11A.37
Gross operational emissions (market-based)		44,587.398	93,061.029	137,648.428	11A.38
Emissions reductions					
Exported renewables		-	-162.321	-162.321	11A.39
Exported biomethane		-	-	-	11A.40
Insets		-	-	-	11A.41
Other emissions reductions		-	-	-	11A.42
Total emissions reductions		-	-162.321	-162.321	11A.43
Net annual emissions					
Net annual emissions (location-based)		122,667.478	159,524.388	282,191.865	11A.44
Net annual emissions (market-based)		44,587.398	93,061.029	137,648.428	11A.45

Key

Input cell Calculation cell Copy cell

Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

Table 11A – Continued

Operational greenhouse gas emissions reporting for the 12 months ended 31 March 2023

Line description	Unit	Water	Wastewater		RAG 4 reference
		$kgCO_2e/Ml$	$kgCO_2e/Ml$		
	DPs	3	3		
GHG intensity ratios					
Emissions per Ml of treated water		320.836			11A.46
Emissions per Ml of sewage treated			251.965		11A.47

Line description	Unit	Water	Wastewater	Total	RAG 4 reference
		tCO_2e	tCO_2e	tCO_2e	
	DPs	3	3	3	
Other					
Green tariff electricity		57,402.418	48,292.989	105,695.408	11A.48

Embedded emissions					
Line description	**Unit**	**Water**	**Wastewater**	**Total**	**RAG 4 reference**
		tCO_2e	tCO_2e	tCO_2e	
	DPs	3	3	3	
Capital projects					
Capital projects (cradle-to-gate)		15,089.000	28,440.000	61,331.000	11A.49
Capital projects (cradle-to-build)		31,436.000	51,430.000	100,668.000	11A.50
Purchased goods and services					
Purchased goods and services		56,770.000	57,423.000	114,193.000	11A.51

For more information on our Greenhouse gas emissions, please click here.

Key
Input cell Calculation cell Copy cell
Please refer to RAG 4.11 – Guideline for the table definitions in the annual performance report

5. Meeting our licence conditions

Statement on sufficiency of financial resources and facilities

Regulatory ring-fencing certificate

In line with the requirements in Condition P of the Yorkshire Water Services Instrument of Appointment, the Board of Directors (the Board) confirm that:

1. Yorkshire Water Services Limited (Yorkshire Water) shall at all times act in the manner best calculated to ensure that it has adequate: financial resources and facilities; management resources; and systems of planning and internal control, to enable it to secure the carrying out of the Regulated Activities including the investment programme necessary to fulfil its obligations under the Appointment(s) and that in accordance with Condition P:
2. in the opinion of the Board, Yorkshire Water has available to it sufficient financial resources and facilities to enable it to carry out, for at least the next 12 months, the Regulated Activities (including the investment programme necessary to fulfil Yorkshire Water's obligations under the Appointment(s)); and
3. in the opinion of the Board, Yorkshire Water will, for at least the next 12 months, have available to it: (a) financial resources and facilities (Condition P section 12.1);

   (b) management resources (P12.2);

   (c) systems of planning and internal control (P12.3);

   (D) and rights and resources other than financial resources (P14)

which are sufficient to enable it to carry out those functions as required by paragraph 1 above.

In coming to this conclusion, the Board have taken account of the ongoing investigations being carried out by Ofwat and the Environment Agency and specifically have received clarity and confirmation as to how compliance for those matters under investigation is achieved, monitored, and assured. Whilst we await the outcomes of these investigations, full consideration is being given in any event to this issue and compliance with condition P 12. The Board has considered the plans to ensure compliance with this Condition not only from a financial perspective but appropriate skills within the company to ensure the appropriate resource is in place (both in terms of numbers and skills) and risk management (with a new Compliance Team now in place to provide additional assurance on systems and controls).

The Board is clear that there are factors relating to current company performance in general and have been integral to understanding how the performance will be improved and ensuring there will be regular reviews as to how plans are performing. There is continued and appropriate challenge from the Board as necessary on these matters.

In making this declaration, the Directors have taken into account the following key areas:

Financial resources and facilities

This area is supported by a detailed going concern review, which has considered:

- The company's business activities, together with the factors likely to affect its future development and performance, as described in the Strategic Report within the Yorkshire Water Annual Report and Financial Statements (ARFS);
- The company's cash position including available cash and committed undrawn bank facilities, headroom, and details of refinancing activity;
- The company's available funds to cover operating and capital investment activities of the company for the twelve months from the date of signing the Financial Statements;
- Compliance with covenants associated with the company's securitised financing arrangements. Yorkshire Water's securitised financing arrangements include covenants with 'trigger' and 'default' thresholds, which are reported bi-annually and are explained further below. A baseline model, established from the company's business plan, shows sufficient liquidity and headroom for debt covenants, when considering 'trigger' as well as 'default' thresholds;
- The company's business plan for the remaining period within AMP7; and
- The impact of wider factors on operations and business performance, for example climate change and macroeconomic challenges such as the increased pressure on household income and any potential financial implications arising from the ongoing investigations being carried out by Ofwat and the Environment Agency.

Yorkshire Water's available combination of cash and committed undrawn facilities totalling £682.9m at 31 March 2023 (2022: £691.5m), comprising £389.0m (2022: £663.0m) undrawn committed facilities and £293.9m (2022: £28.5m) of cash and cash equivalents.

Furthermore, on 28 June 2023 a £400m repayment was made to Yorkshire Water by Kelda Eurobond Co Limited in relation to an intercompany loan balance, this further improves the liquidity and net current asset position of the company. This is coupled with the fact that Yorkshire Water Finance Plc raised £300m bonds, with net proceeds of £202m transferred to Yorkshire Water in July 2023. This additional funding will be used to refinance facilities as they fall due.

Yorkshire Water's securitised financing arrangements include covenants with 'trigger' and 'default' thresholds, which are reported bi-annually and are explained further below. A baseline model, established from the company's business plan, shows sufficient liquidity and headroom for debt covenants, when considering 'trigger' as well as 'default' thresholds. Covenant calculations are undertaken at each reporting period based on the Financial Statements adjusted, where appropriate, for costs deemed to be atypical or exceptional in nature such as significant weather related events or business re-organisations. As at 31 March 2023, the covenant calculations achieved the threshold levels and included atypical cost adjustments totalling £34m reflective of the drought and dry weather recovery and severance costs. Where appropriate, management expect that adjustments for current and future significant atypical costs made to covenant calculations will be accepted for the 31 March 2023 year end and future periods to the extent necessary, as they have been in prior periods.

A baseline model, established from the group's budget for 2024 and 2025, shows sufficient liquidity and some headroom for debt covenants. In assessing going concern, the directors have considered the group's business activities, including the group's financial and operational performance and strength of the year end net asset position.

The going concern review has primarily been centred around financial modelling which depicts the best estimate forecast profit and loss, balance sheet and cash flow, as well as reviewing the impact on available liquidity and key interest cover ratios for 2024 and 2025. The model included assumptions on revenue (household and non-household), inflation, operating expenditure, working capital, cash flow and capital expenditure.

The base case Board-approved budget cash flows show sufficient headroom in the key metrics reviewed. A number of sensitivities were then overlayed to the base case to consider a number of possible adverse scenarios including, but not limited to, lower than expected cash collections as a result of the cost of living crisis and unforeseen costs due to a potential unexpected extreme weather event. A best estimate view has been performed based on information available up to the date of publication.

We have also performed a retrospective review of historical forecasting against approved budgets to demonstrate the ability to manage significant disruptive events broadly within plan.

The modelling showed that, in all of the scenarios considered, from a liquidity perspective the group would have significant headroom on facilities available to manage its business risks throughout the going concern period.

However, the most severe but reasonably possible scenarios modelled indicate a low level of headroom in the interest cover covenant for the year to March 2024. In the event a breach occurred, the group has the ability to seek consent of lenders to waive the breach or alternatively, subject to shareholder support, utilise equity cure provisions to partially repay debt and remedy a financial covenant breach.

Potential mitigations, which are within the control of the group, include cost cutting measures and revision of financing arrangements. The directors believe such mitigating actions are feasible, and the application of which indicate that ICRs would be in excess of covenanted default thresholds throughout the going concern review period and beyond.

As a result of this analysis, the directors believe that despite financial and operational challenges, the strength of the mitigations available are such that the group is well placed to manage its business risks successfully and have a reasonable expectation that the group has adequate resources to continue in operational existence over a period of at least 12 months from the date of approval of the financial statements.

For this reason, they continue to consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

The going concern review is shown within note 1 of the Yorkshire Water ARFS for the year ended 31 March 2023. In addition, the company has completed a comprehensive long-term viability assessment for the seven years to 31 March 2030, details of which are shown in the ARFS for the year ended 31 March 2023. The long-term viability statement has been prepared in line with Ofwat's Information Notice (IN) 19/07 - Expectations for companies in issuing long-term viability statements. We have also taken into account Ofwat's 'Monitoring Financial Resilience – Feedback' letter dated 22 December 2022 in relation to our 2022 long-term viability statement and the suggested improvements for transparency detailed.

Further information detailing our credit ratings and financing arrangements is shown in the ARFS within the section titled 'Our financial performance'. At 31 March 2023, Yorkshire Water had two ratings monitored by Ofwat, the Moody's and S&P Class A ratings. As at 31 March 2023, the Moody's Class A Issue Rating (Baa2) was the lowest of those monitored.

The banking arrangements of the company operate on a pooled basis with other members of the Yorkshire Water Financing Group, and the bank balances of each subsidiary can be offset against each other. The company had guaranteed bonds with Yorkshire Water Services Finance Limited and Yorkshire Water Finance plc at 31 March 2023 as detailed in note 24 to the ARFS.

Amounts owed to group and subsidiary companies are detailed in notes 15, 16 and 17 of the ARFS.

Management resources

We have applied good governance principles in the way in which the Board and its supporting committees operate. We have reported on how we have complied with the UK Corporate Governance Code, the Ofwat Board Leadership, Transparency and Governance Principles and the Wates Corporate Governance Principles for Large Private Companies.

This information can be found in Section 6 of the APR and in the Governance section of the ARFS.

The ARFS also includes reports from board committees reporting to the Board on management activities and resources in the following areas:

- Nomination Committee;
- Public Value Committee;
- Safety, Health and Environment Committee;
- Audit and Risk Committee;
- People and Remuneration Committee; and
- PR24 Committee.

The 'People' section of the ARFS discusses our processes for:

- Health, safety and well-being of our colleagues;
- Attracting great people and maintaining the skills we need; and
- Equality, diversity and inclusion.

Attracting and maintaining the talent and culture required to achieve our objectives is considered a principal risk. Processes to mitigate this risk and assurance in this area are discussed within the section titled 'Managing risks and uncertainties' in the ARFS.

The company's employment policies and strategy are described in detail in the Directors' report - other disclosures section of the ARFS. This section also discusses our Colleague Engagement Forum at which nominated and selected colleagues represent their business areas at a company level on a wide range of topics. At least one Board member attends each Forum meeting and then provides first-hand feedback to the Board, along with the minutes from the Forum being provided in the Board papers each time. Regular colleague engagement surveys are undertaken, with the resulting score forming part of the measures of the Executive Incentive Plan for Executive Directors and senior management.

The balance of management skills and recruitment processes at Board level are considered by our Nomination Committee and are discussed in the Directors' Report and in the Nomination Committee Report, both contained within the ARFS. Succession planning for Yorkshire Water directors and other senior executives is within the remit of the Nomination Committee and the People and Remuneration Committee and is highlighted in the Nomination Committee Report and the Directors' Remuneration Report contained within the ARFS.

Independence of the independent non-executive directors is reviewed annually by the Board as noted in the Governance section of the ARFS. The Board believe that all the directors described as independent remain wholly independent as defined in the Corporate Governance Code at the date of approval of the ARFS.

Systems of planning and internal control

The Audit and Risk Committee monitors the design and operation of Yorkshire Water's system of internal control on behalf of the Board. Our controls are designed to achieve compliance with obligations and manage the risk of failing to achieve the business objectives we have agreed with our customers and our regulators. The operational policies and procedures which set out these controls are contained within the Integrated Management System, or similar repositories, and achieve international quality standards for Environmental Management, Quality Management, Occupational Health and Safety and Asset Management. The key financial policies, procedures and controls to ensure we meet all our statutory and regulatory obligations and remain resilient are set out in the ARFS.

Three lines of assurance work together to ensure that there is adequate and proportionate coverage across the whole control environment, including all principal risks and business processes, and provide confidence to senior leaders and other stakeholders over the adequacy of the design and operation of the controls. The outcome from this integrated assurance is reported to the risk owners to inform decision making.

The achievement of actions to address identified control weaknesses is monitored by the Yorkshire Water Leadership Team and the Audit and Risk Committee.

The company's risk management process reviews, monitors and reports on the company's risks and mitigating controls. The Executive defines the risk it is willing to take to achieve its objectives in a suite of risk appetite statements covering each principal risk. The achievement of this is monitored through 76 key risk indicators. The Audit and Risk Committee reviews and approves the risk appetite statements twice a year. Each committee reviews their statement through a series of risk deep dives. Risk appetite balances risk, the cost of control and the long-term viability of the company. Financial risk is at the heart of this process.

Throughout the year the Board takes an active role in reviewing operational incidents by challenging management in understanding key lessons. The lessons and learning are used to enhance processes and support future investment plans to target issues as part of a continual improvement process.

The long-term viability statement at 31 March 2023, set out in the ARFS, covers a seven-year period to the end of AMP8. Yorkshire Water's risks and mitigating controls are detailed within the section 'Managing risks and uncertainties' in the ARFS.

Other policies relating to this area are discussed in the ARFS as follows:

- Ethical behaviour, anti-corruption, and anti-bribery (see the 'People' section in the ARFS).
- 'Speak Up', including our whistleblowing policy is reviewed by the Audit and Risk Committee and approved by the Board annually (see the Audit and Risk Committee report within the ARFS).

Detail on how the Board sets ambitions, how we monitor performance and make decisions, how we involve our customers and stakeholders, and how we change and update our commitments is provided in the Board Statement on Company Direction and Performance, as published within the APR.

Rights and resources other than financial resources

There has been considerable work on a new strategy for the business during the year and this was launched across the business post year-end. The Board has contributed significantly to this process, receiving regular updates during the year and providing feedback as well as listening to the feedback from other stakeholder groups as part of the strategy development. The Board then gave approval to the final version prior to its launch.

Our vision is 'a thriving Yorkshire: right for our customers, right for the environment' which clearly sets out what we are here for as a business. There are also a number of strategic pillars which are the key activities which we are focusing on to deliver our vision. In 2020 we set out four desired behaviours that seek to ensure that the right culture is achieved across the business. These are still relevant to our business today and remain as the behaviours that we look for from all our colleagues: 'We own it'; 'We're always learning'; 'We're better together'; and 'We have heart'.

We have a Yorkshire Water Code of Ethics which provides support to colleagues on how to ensure that they are always doing the right thing and where to go for help and advice if they are faced with an ethical decision as part of their work. This was reviewed and signed off by the Board in 2021 prior to its launch and there is mandatory online learning for all colleagues to ensure that they understand the Code of Ethics and how it applies to them.

The Governance section of the ARFS further describes the company's purpose, vision, values, and desired behaviours. We undertake an annual Board evaluation to consider the effectiveness of our Board. In 2023 this has been an internally facilitated evaluation, undertaken by our Company Secretary. The results of this and our goals for the coming year are described in the ARFS.

As announced last year, we appointed Nicola Shaw as our new CEO in May 2022. We engaged with Spencer Stuart to draw up a long list of candidates which was then reviewed by the Nomination Committee, with Committee members all being involved in the interview process.

During the year we also appointed Wendy Barnes to our Board. The Committee spent time considering the skills required for the role and Warren Partners was engaged to search for candidates and assist with the interview process. Once Wendy was identified as the preferred candidate, all members of the Board were given the chance to meet with her and then a recommendation was made on behalf of the Committee for her appointment.

The Asset Strategy and Planning team assures that the design and build of assets meets our future needs and quality standards. Our Environment section in the ARFS details how we will adapt our assets and services to the climate change we can reasonably expect in the future based on latest expert analysis to ensure our service remains resilient.

Our investment and operating strategies fully embrace totex decision making approaches through the use of our Six Capitals approach. This helps us recognise and protect the many sources of value on which we depend as a business. By improving how we use the six capitals within our business, we aim to ensure decisions taken to improve the efficiency of our services are not made at the expense of our long-term resilience or affordability for future generations. Our latest assessment of our impact as assessed by the Six Capitals is published in a report called **"Our Contribution to Yorkshire"**, the latest report reviews the 2022 reporting year. This is our fourth report of this type and builds on the previous version using new techniques and data. The report shows the strong net positive contribution Yorkshire Water delivers for society, and it highlights further areas where we have risk and opportunity needing further attention.

Our Insurance team also works to ensure that we manage and mitigate our exposure to costs from public liabilities and damage to our assets.

Contracting

Our Business Investment Committee (BIC), governs the effective and efficient delivery of our investment programmes to deliver best value for customers and the business. The committee oversees all totex expenditure in line with the Board approved five-year plan. Our Executive Contract Approval Committee ensures that our supply chain engagements are commercially effective, in line with our vision and deliver on our sustainability goals.

Our sustainable procurement strategy sets out our objective to ensure the resilience of our supply chain and enables us to provide our services to customers in the long-term.

Transactions with associated companies and checks that these contracts comply with licence requirements are detailed within **Section 7** of this APR. Compliance with the licence provision on cross-subsidies between Yorkshire Water and associated companies is detailed within the Accounting Separation Methodology Statement, which is published on the Yorkshire Water reports webpage, and within the transfer pricing disclosures in the APR.
yorkshirewater.com/about-us/reports/

All contracts entered into between the Appointee and any Associated Company include the necessary provisions and requirements in respect of the standard of service to be supplied to the Appointee, to ensure that it is able to carry out the Regulated Activities.

Ensuring best value is achieved through the supply chain is a key focus at Yorkshire Water. The Commercial Team are significantly advanced with a transformation programme of its procurement, contract management, commercial assurance and procure to pay functions. Working in tandem with an expert partner the team are delivering significant savings, performance improvement and advancing our sustainability goals. High volume, lower value spend has seen a particular focus which has improved cost efficiency and support to internal colleagues to ensure an agile route to key goods and services.

Optimisation of key commercial systems is focused on improving the user experience for both internal colleagues and our supply chain. This has seen significant improvement in catalogue and guided buying usage and a jump in the proportion of suppliers transacting within the system. Cost assurance auditing has delivered an ever improving return on investment, ensuring that we pay in line with contracts and recover erroneous costs.

We continue to assess our projects within programme delivery to ensure that we appropriately consider the potential use of markets and Direct Procurement for Customers (DPC) against the established delivery routes. Significant efficiencies are being realised through strategic planning. We seek to remove the need to build solutions, through alternative approaches including operational changes. We have recently published our contract arrangements for the AMP8 period. This will see YW extend its most effective infrastructure framework, evolve our non-infrastructure frameworks and create an innovative new alliance approach to deliver our storm overflow programme.

Material issues or circumstances

In addition to the risk management processes in section 'Managing risks and uncertainties' of the ARFS, an extensive risk assessment was undertaken of the full range of principal and emerging risks faced by the company as part of our going concern and long-term viability assessment processes. Detail of our long-term viability review can be found in the ARFS. The Audit and Risk Committee reviewed the principal risks facing the business at the March 2023 committee meeting, as detailed in our Audit and Risk Committee Report of the ARFS. A detailed paper on going concern was considered at the Audit and Risk Committee meeting on 16 June 2023, and updated information presented on 4 July 2023 prior to final Board approval of the ARFS. Detail of the going concern review is shown within the note 1 of the ARFS.

Cyber security remains our top recorded risk. A significant investment plan is strengthening our company-wide, automated controls to reduce both the likelihood and impact of an attack. The 'Managing risks and uncertainties' section in the ARFS sets out the mitigation in more detail.

Climate change remains a key risk. We face extreme weather events with increased frequency. In the course of this financial year we faced a series of winter storms, that impacted our operations, and severe, persistent dry weather through the summer which required us to invoke our drought plans. We continue to work in partnership with other agencies as well as investing through our capital programme to mitigate these risks.

We continue to monitor and respond to the combined impact of the macroeconomic position and the cost of living on customers' ability to pay, inflation, the supply chain and the availability of key skills and capabilities. To reflect this escalating risk and our focus in mitigating it, we have reported a new Principal risk in the ARFS this year. However, taking into account the strength of the mitigations available, the directors consider that the company is well placed to successfully manage its business risks and meet the requirements of the regulatory ring-fencing certificate.

We also seek to continually improve the approach to achieving compliance. During 2022 the Head of Regulation led a Compliance Review of 415 obligations required by our Economic, Environmental and Quality regulators. This tested the level of control in place for each obligation including ownership, training and awareness, and policy or procedure. The Review confirmed that a range of controls are in place for all the obligations assessed as highest risk, We have set up a central Compliance Team and are rolling out the YW Compliance Framework to improve the consistency of oversight and allow proactive work through early insight of risks materialising.

Statement approval

This statement, and supporting evidence, has been reviewed by the external financial auditors, Deloitte, as part of the annual audits of Yorkshire Water's statutory accounts and regulatory accounts. The audit opinion from Deloitte is published within the APR and a report from Deloitte has been provided to Ofwat on this matter.

In approving this statement, the Board has considered a wide range of factors to take a holistic view of the risks the business faces. The Board has considered feedback from the Audit and Risk Committee on the controls and processes in place for the development of this Ring-Fencing Certificate and the supporting evidence. At the Board meeting on 14 July 2023, the Board approved this Ring-Fencing Certificate.

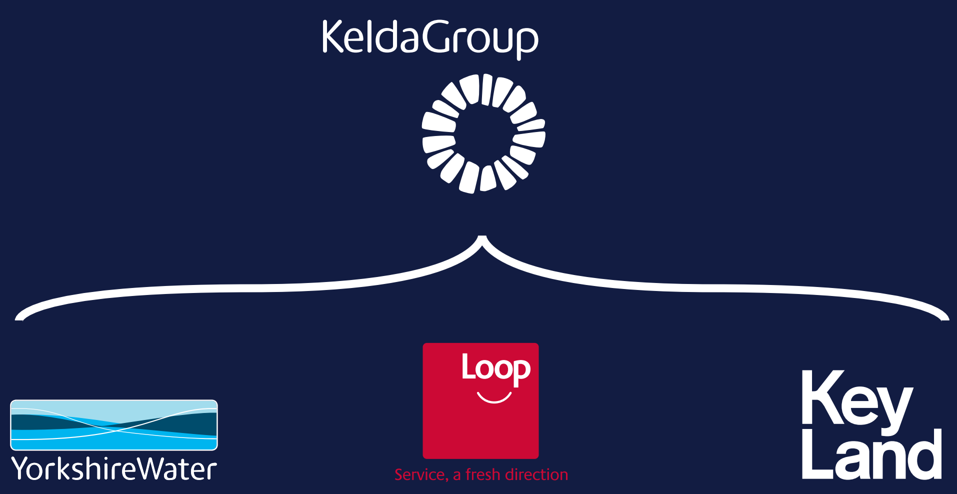
Kathy Smith
Company Secretary
Signed for and on behalf of the Board of Directors of Yorkshire Water Services Ltd

6. Board, leadership, transparency and governance

Our Group structure

Yorkshire Water sits within the Kelda group, which is privately owned. The Kelda group is made up of several businesses and Kelda Holdings Limited (the top holding company) is owned by a group of investment companies.

The diagram below shows a high-level structure of the group and the companies.

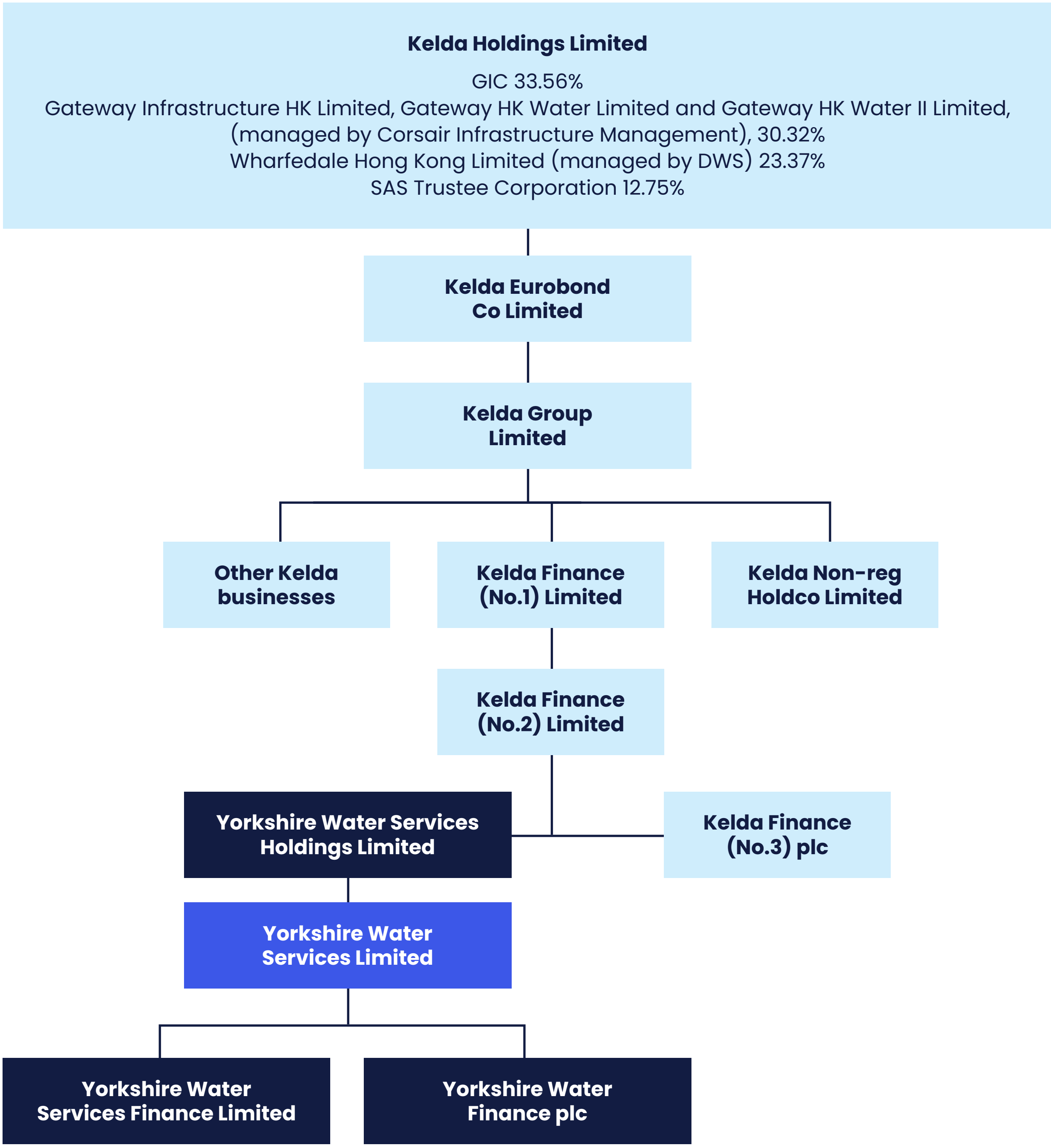


Yorkshire Water Services Ltd. provides water and sewerage services to customers in Yorkshire and is regulated by Ofwat.

Loop Customer Management Ltd. provides customer related services such as billing, customer services and debt management to Yorkshire Water.

Keyland Developments Ltd is a property trading and development business to which Yorkshire Water sells non-operational land when it is no longer required.

The diagram below shows the Kelda group corporate structure:



Yorkshire Water is the only company in this group that is regulated by Ofwat. It holds the licence to provide water and sewerage services to our customers and the governance for Yorkshire Water is described within this report.

Details of the group's shareholders and capital structure, along with further information on the companies shown here are published on the group's website, found at: keldagroup.com

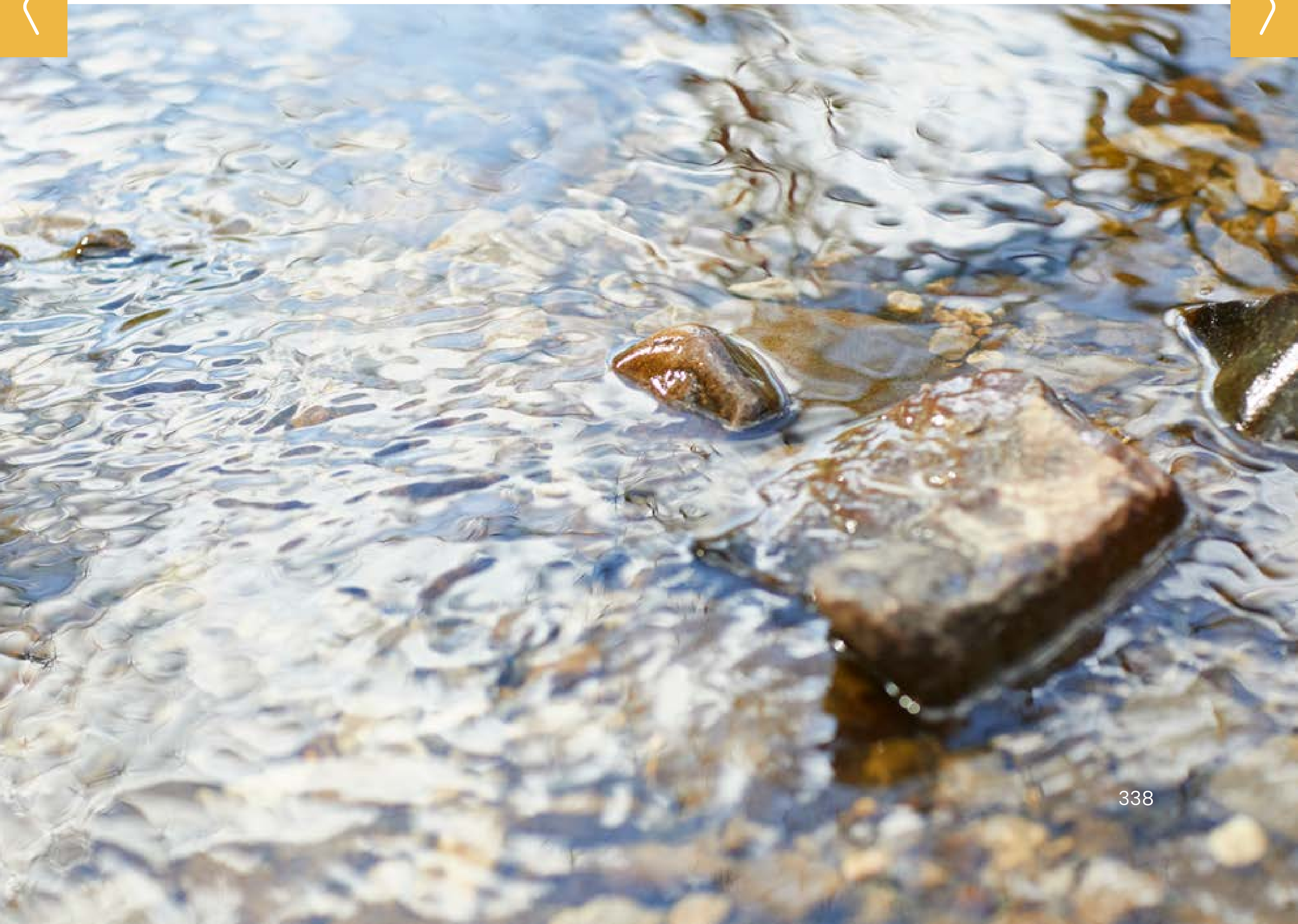
Our Board of Directors

The primary focus for the Board is to lead the development and delivery of the company's purpose, strategy and values needed to meet the service and performance expectations of our customers and stakeholders.

An executive director is a member of the Board who also has management responsibilities within the company.

A non-executive director is a member of the Board who contributes their wider skills and experience to Board decision-making.

The non-executive directors do not engage in the day-to-day management of the organisation, but are involved in policy making, setting the company's strategy, values and standards, making sure that the necessary financial and people resources are in place, and reviewing management performance. We are required to have a number of independent non-executive directors on our Board, which means that they are free of any links with us or our shareholders. Our investor non-executive directors represent our larger shareholders.



Vanda Murray OBE, DBA, Independent Non-Executive Chair

Appointed: Vanda joined the Board as Independent Non-Executive Director on 1 July 2021, stepping up to become the Chair of the Board on 1 September 2021.

Skills and experience: Vanda is a Fellow of the Chartered Institute of Marketing and has extensive experience of corporate leadership in both executive and non-executive roles. From 2001 to 2004 she was Chief Executive of Blick plc, a FTSE quoted company, where she doubled the value of the business before it was acquired by The Stanley Works Inc. She was also Managing Director of Ultraframe plc between 2004 and 2006. Vanda was appointed OBE for Services to Industry and to Export in 2002.

Other roles: Vanda is Non-Executive Chair of Yorkshire-based Marshalls plc and is the Senior Independent Director and Chair of the Remuneration Committee at Bunzl plc. She is a Non-Executive Director at Manchester Airports Group, where she chairs the Remuneration and Corporate and Social Responsibility Committees. Vanda is also the Chair of Kelda Holdings Limited.

Committee Membership:

N PR SHE PV 24

Scott Auty, Non-Executive Director

Appointed: Scott joined the Board as a Non-Executive Director in September 2017.

Skills and experience: Scott is a London based Partner in DWS's infrastructure investment business, Europe, and is responsible for the origination and execution of infrastructure investment opportunities as well as the ongoing management of the acquired assets. He is a member of the Investment Committee for the three European infrastructure funds managed by DWS. Prior to joining DWS's infrastructure business in 2005, Scott started his career at N M Rothschild & Sons' investment banking division where he was a specialist in the utilities and natural resources sectors.

Other roles: Scott is also a Non-Executive Director of Kelda Holdings Limited, a Supervisory Board Member of Dutch waste management company Attero Holdings BV and a Non-Executive Director of the Spanish bioethanol producer Vertex Bioenergy SL.

Committee Membership:

N PR SHE

Wendy Barnes, Independent Non-Executive Director

Appointed: Wendy joined the Board as an Independent Non-Executive Director in November 2022.

Skills and experience: Wendy has a significant breadth of knowledge from the utilities sector as well as in regulation, cyber security, customer service and change management. She is a Non-Executive Director of Scottish Power and has previously held non-executive roles at OCS Group, Ofwat and in several government departments, including the Met Office. Wendy was formerly the Interim Director General at the Department of Energy and Climate Change, and she has held executive roles within the water sector with United Utilities.

Other roles: Wendy is a Non-Executive Director of Scottish Power Limited and BMT Group Limited and undertakes a variety of consultancy roles.

Committee Membership:

AR N PR PV 24

AR Audit and Risk Committee
N Nomination Committee
PR People and Remuneration Committee
SHE Safety, Health and Environment Committee
PV Public Value Committee
Chair of Committee
24 PR24

Andrew Dench,
Non-Executive Director

Appointed: Andrew joined the Board as a Non-Executive Director in September 2017.

Skills and experience: Andrew is a Senior Vice President in GIC's Infrastructure team, based in London. He is responsible for the ongoing management of GIC's global infrastructure portfolio. Prior to joining GIC, Andrew was Deputy CEO/CFO of Veolia Water, UK, Ireland & Northern Europe, CFO of Electricity Northwest, and Head of Corporate Finance & Change at London Stock Exchange Group. While at Veolia, he was a Non-Executive Director of Affinity Water (formerly Veolia Water). Andrew started his career in the investment banking division of Morgan Stanley where he was focused on project finance, mergers & acquisitions, utilities, and the natural resources sector.

Other roles: Andrew is a Non-Executive Director of Kelda Holdings Limited and several other boards, including Teréga (Gas transportation and storage, France), Duquesne Light and Power (Electricity transportation and distribution, US), Greenko (Renewal generation, India) and Raffles Infra Holdings Limited (Infrastructure investment, Asia).

Committee Membership:

AR PR N 24

Russ Houlden,
Non-Executive Director

Appointed: Russ joined the Board as a Non-Executive Director in January 2022.

Skills and experience: Russ is an Operating Partner at Corsair Infrastructure, a business unit of Corsair Capital. Russ brings a wealth of financial expertise and water industry experience to the Board, having been the CFO of United Utilities Group PLC for ten years until July 2020. During his time at United Utilities, he was also Chair of the Financial Reporting Committee of the 100 Group from 2013 to 2020. Prior to his role at United Utilities, he was the CFO of Telecom New Zealand from 2008 to 2010 and Finance Director of Lovells from 2002 to 2008. Until 2002 he held a variety of divisional Finance Director positions in ICI and BT.

Other roles: Russ is a Non-Executive Director of Kelda Holdings Limited. He is also an Independent Non-Executive Director at Babcock International Group PLC and an Independent Non-Executive Director and Chair of the Audit Committee at Orange Polska SA.

Committees:

PR N PV 24

Paul Inman,
Chief Financial Officer

Appointed: Paul joined the Board as the CFO in March 2023.

Skills and experience: Paul joined Yorkshire Water from BAE Systems where he was the financial director for the air sector, having previously held multiple role with Rolls-Royce. Paul has extensive financial experience and also brings strong operational experience to the Board, having led a number of transformation programmes and undertaken general management roles in asset health monitoring and maintenance, repair and overhaul. Paul is a Member of the Institute of Chartered Accountants in England and Wales.

Other roles: Paul is the CFO for Kelda Holdings Limited.

Committee Membership: None

Andrew Merrick, Independent Non-Executive Director

Appointed: Andrew joined the Board as an Independent Non-Executive Director in June 2019.

Skills and experience: Andrew brings considerable financial experience and expertise to the Board, as well as strong connections with the Yorkshire region. Prior to joining the Board, Andrew was the CFO of Irwin Mitchell solicitors, having previously worked as Group Finance Director for Dart Group plc and as Director of Finance for Bradford & Bingley plc. Andrew has also sat on the Board of 'Incommunities', a Bradford-based social housing provider, where he chaired the Audit Committee.

Other roles: Andrew is a Non-Executive Director and Vice Chair of Market Harborough Building Society, a Trustee Director of The Nell Bank Charitable Trust and a Director of Ilkley Lawn Tennis & Squash Club Limited and its subsidiary, ILTSC Events Limited.

Committee Membership:

AR N SHE PV 24

Ray O'Toole, Non-Independent Non-Executive Director

Appointed: Ray joined the Board as an Independent Non-Executive Director in June 2014, becoming the Senior Independent Director in July 2017. In July 2022 he ceased to be independent following the acquisition of Stagecoach Group plc by DWS Infrastructure and stepped down from his role as Senior Independent Director, continuing on the Board as a Non-Independent Non-Executive Director. Ray retired from the Board on 5 July 2023.

Skills and experience: Ray has spent the majority of his career in the transport sector, including as Group Chief Operating Officer and UK Chief Executive for National Express plc for ten years until 2010. This included responsibility for a fleet of 20,000 buses and coaches, nine rail franchises and 40,000 staff, with operations in Spain, the USA, Canada, and the UK. He started his non-executive career whilst at National Express as a member of the Board of the British Transport Police Authority. From 2011 Ray served as a Non-Executive Director and member of the Safety Committee of the Office of Rail and Road until he was appointed as Chief Executive of Essential Fleet Services Limited from July 2015 until February 2017.

Other roles: Ray is the Executive Chair and Chair of the Health, Safety and Environment Committee of Stagecoach Group plc.

Committee Membership:

AR N PR SHE

Nicola Shaw CBE, Chief Executive Officer

Appointed: Nicola joined the Board as CEO in May 2022.

Skills and experience: Nicola brings with her extensive experience in regulated infrastructure businesses and has an excellent track record in driving efficient delivery whilst also improving customer service and colleague engagement. Most recently Nicola was the UK Executive Director for National Grid and was previously the Chief Executive of High Speed 1 and a Director of First Group. Nicola was the author of the Shaw Report published in 2016 which made several recommendations for the future of British Transport. Nicola received a CBE for services to transport in the Queen's New Year Honours in 2016.

Other roles: Nicola is the CEO for Kelda Holdings Limited and a Non-Executive Director of International Airlines Group.

Committee Membership:

SHE PV

Dame Julia Unwin, Independent Non-Executive Director

Appointed: Julia joined the Board as an Independent Non-Executive Director in January 2017.

Skills and experience: Julia brings to the Board a wealth of experience from the voluntary, commercial, and public sectors as well as from regulatory environments. She was the Chief Executive of the Joseph Rowntree Foundation for a decade until 2016. She has regulatory experience having served on the Boards of the Housing Corporation, the Charity Commission and she was Deputy Chair of the Food Standards Agency. Through her engagement with consumers, regulation and public policy, Julia brings a deep understanding of the interests of customers and individual communities to the Board as well as a specific knowledge of the demographics of the Yorkshire region and of poverty, vulnerability, and disadvantage. She has worked extensively on issues to do with developing social value. In May 2019 Julia received a Lifetime Achievement Award from the Chartered Management Institute and was appointed a Dame in the 2020 New Year Honours list for her contribution to civil society.

Other roles: Julia is a Non-Executive Director of Mears Group Plc and is the Chair of the Board of Governors of York St John University. She is the Inaugural Chair of the Smart Data Foundry, Edinburgh University.

Committee Membership:

N PR SHE PV 24

Andrew Wyllie CBE, Independent Non-Executive Director

Appointed: Andrew joined the Board as an Independent Non-Executive Director in September 2017.

Skills and experience: Andrew was Chief Executive of Costain Group PLC for 14 years up until May 2019. He was also a Non-Executive Director of Scottish Water from April 2009 to April 2017. Andrew has an MBA from the London Business School, he is a Chartered Engineer, a fellow of the Royal Academy of Engineering and was President of the Institution of Civil Engineers in 2019. Prior to joining Costain Group PLC, Andrew worked for Taylor Woodrow where he was the Managing Director of the construction business and a member of the Group Executive Committee. Andrew was awarded a CBE for services to engineering and construction in the 2015 New Year Honours list.

Other roles: Andrew is a Non-Executive Director of Persimmon PLC, a Board member of the US-UK Advisory Board of the British American Project and the Chair of the Remuneration Committee of the Institution of Civil Engineers.

Committee Membership:

AR N PR SHE

Other directors during the year

The following directors also served on the Board for the periods shown during the year. More information on their skills and experience can be found in our 2022 ARFS:

Liz Barber –
Chief Executive Officer to 6 May 2022.

Chris Johns –
Chief Financial Officer to 28 February 2023.

Meeting the Board leadership and transparency objectives

The UK Corporate Governance Code

Yorkshire Water is a private limited company and does not have listed shares. Despite this, the Board chooses to report its compliance with the UK Corporate Governance Code on an annual basis as it wishes to comply with best practice and to be fully transparent in the way in which it operates.

The Board considers that it has complied with all the principles of the UK Corporate Governance Code throughout the year ended 31 March 2023, except for the following provisions:

- **Provision 11** – this principle requires that at least half the Board, excluding the Chair, should be independent non-executive directors. We have not complied with this provision during the year due to the presence on our Board of three investor directors who represent our shareholders and are therefore not independent. We have found having investor directors on our Board extremely beneficial so that we can hear shareholder views first-hand and ensure that our shareholders have a full understanding of the opportunities and challenges facing the business. It also enables the business to operate as if it is a separate entity, as required by the Ofwat Board Leadership, Governance and Transparency Principles.
- **Provision 18** – this provision relates to the annual re-election of directors by shareholders at the AGM. As a private limited company, we do not hold an AGM and therefore this provision does not apply.
- **Provision 24** – this provision requires the Audit Committee to consist entirely of independent non-executive directors. Our Audit and Risk Committee has a majority of independent non-executive directors but also has an investor director, who we believe provides useful challenge and insight to the Committee.
- **Provision 32** – this provision requires the Remuneration Committee to consist entirely of independent non-executive directors. Our People and Remuneration Committee has a majority of independent non-executive directors but also has three investor directors, which means we receive insight from investors when making remuneration decisions, as well as ensuring our investors hear first-hand about the people-related matters considered by the Committee.

- **Provision 36** – this provision requires that our remuneration schemes promote long-term shareholdings by executive directors to align the interests of executive directors with long-term shareholder interests. As a private company our shares are not publicly traded, and shares are not offered as part of our remuneration schemes. Instead, our shareholders are represented on our People and Remuneration Committee and therefore have direct input to ensure that the structure of our remuneration schemes aligns the interests of executive directors with those of our shareholders.

The UK Corporate Governance Code is available on the website of the Financial Reporting Council (FRC) at: [frc.org.uk](frc.org.uk)

The Ofwat Board Leadership, Governance and Transparency Principles

It is a requirement of our Instrument of Appointment that we comply with the Ofwat Board Leadership, Governance and Transparency Principles, which were published in January 2019.

We have set out below each of the four key objectives from the principles and an explanation of what we are doing to ensure we comply with these:

The regulated company Board establishes the company's purpose, strategy, and values, and is satisfied that these and its culture reflect the needs of all those it serves.

Setting our purpose, strategy and values

There has been considerable work on a new strategy for the business during the year and this was launched across the business post year-end. The Board has contributed significantly to this process, receiving regular updates during the year and providing feedback as well as listening to the feedback from other stakeholder groups as part of the strategy development. The Board then gave approval to the final version prior to its launch. Our vision is 'a thriving Yorkshire: right for our customers, right for the environment' which clearly sets out what we are here for as a business. There are also a number of strategic pillars which are the key activities which we are focusing on to deliver our vision. In 2020 we set out four desired behaviours that seek to ensure that the right culture is achieved across the business. These are still relevant to our business today and remain as the behaviours that we look for from all our colleagues:

We own it

We're better together

We're always learning

We have heart

We have a Yorkshire Water Code of Ethics which provides support to colleagues on how to ensure that they are always doing the right thing and where to go for help and advice if they are faced with an ethical decision as part of their work. This was reviewed and signed off by the Board in 2021 prior to its launch and there is mandatory online learning for all colleagues to ensure that they understand the Code of Ethics and how it applies to them.

Embedding our purpose, ambition, and behaviours

In 2019 we set up the Colleague Engagement Forum as one of the ways in which the Board can hear first-hand from colleagues from across the business. At least one non-executive Board member attends each meeting and often more. Minutes from each meeting are circulated to the Board and there is a standing agenda item at each Board meeting to discuss the key messages being received from the Forum.

Forum members are free to raise any matters at the Forum and there are also scheduled agenda items to discuss key topics on which the Board would like to receive feedback. The Forum meets four times each year and also met the Board for an informal lunch during the year to talk one-on-one about anything that they wished to communicate to the Board. The Forum gives the Board great insight into the culture of the organisation and the extent to which the purpose, ambition and behaviours are embedded in the business and the strategy understood.

The Board also gains insight into the culture of the business through the Yorkshire Water Voice survey results, which are fed back in detail to the People and Remuneration Committee, including an overview of the comments received from colleagues through the survey.

The Board is also keen to understand how it feels as a key supplier working with Yorkshire Water and invites key suppliers to attend the Health, Safety and Environment Committee each year to provide first-hand feedback on their experience of working with Yorkshire Water and how this might be improved. This also helps the Board to understand how the desired culture and behaviours are embedded in our interactions with key suppliers.

How our Board operates

Yorkshire Water is part of a group of a companies and has an ultimate parent company, Kelda Holdings Limited which is owned by our shareholders. Whilst it is part of a larger group, Yorkshire Water is by far the largest entity within the group and operates very much independently of the rest of the group.

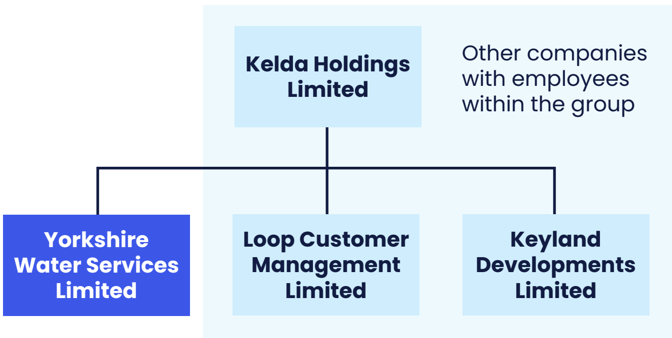
The Yorkshire Water Board members are very aware of their duties to Yorkshire Water and all discussions in Yorkshire Water Board meetings focus on Yorkshire Water and what is for the good of Yorkshire Water alone. The focus on Yorkshire Water is achieved in a number of ways:

- Three of our four shareholders are represented on the Yorkshire Water Board, which vastly reduces the need for decisions to be referred to the ultimate parent company. All of the Yorkshire Water directors have legal and fiduciary duties to promote the success of the company for both current and future members, which is something our investor directors are acutely aware of so decisions are always made from the perspective of Yorkshire Water rather than the wider group. In addition we have five independent non-executive directors on the Yorkshire Water Board who have no connection with the ultimate parent company and therefore can ensure that decisions are made solely in the best interests of Yorkshire Water.

The regulated company has an effective Board with full responsibility for all aspects of the regulated company's business for the long-term.

- From a practical perspective the Yorkshire Water Board has full responsibility for all aspects of the business. The matters reserved for the Board of Kelda Holdings Limited only require limited decisions to be referred to Kelda Holdings and in practice this is simply done for verification. Kelda Holdings Limited has never over-turned a decision made by the Board of Yorkshire Water and it is highly unlikely that this would ever happen given the presence of the investor directors on the Yorkshire Water Board.
- The Kelda Holdings Board met only briefly on six occasions during the year. The meetings are typically only very short and rarely focus on Yorkshire Water-related matters as these have already been discussed at the Yorkshire Water Board.

Most of the decisions made by the Kelda Holdings Board relate to matters specific to Kelda Holdings itself or other companies within the group, outside of Yorkshire Water. These are particularly those with employees, as shown in the simplified group structure to the right. During the year there were 11 decisions made by the Kelda Holdings Board, only five of which were directly related to Yorkshire Water. **These are highlighted in bold below:**



- Approval of the tax strategy for the group companies outside of Yorkshire Water;
- **The appointment of Nicola Shaw as Chief Executive and the reappointment of Ray O'Toole and Julia Unwin as non-executive directors of Yorkshire Water;**
- Approval of the Annual Report & Financial Statements (ARFS) for Kelda Holdings Limited;
- **The reappointment of Deloitte as the external auditor for the group** and approval of the audit fee for the group companies outside of Yorkshire Water;
- Approval of the Modern Slavery Act Statement to be published on the Kelda Holdings website;
- Approval of the FY24 budget for the group companies outside of Yorkshire Water;
- **Approval of the setting up of a Board PR24 Committee by Yorkshire Water;**
- Approval of the actions to be undertaken by Kelda Holdings Limited in relation to the undertaking signed between Ofwat and Yorkshire Water in October 2022.

Dividend policy

Our dividend policy explicitly states that distributions will only be made after an appropriate financial resilience analysis has been undertaken, that dividends will be adjusted to reflect and recognise company performance and benefit sharing from service and efficiency performance and states the continuing need for the reinvestment of profits in the business and the funding of employee interests. The policy ensures that delivery for customers and colleagues is not just considered but factored into any amounts that are to be paid out as dividends. Whenever a dividend is considered by the Board, a paper is prepared for the Board's consideration, which sets out the purpose of the dividend and how it complies with the dividend policy.

Why does the Board of Kelda Holdings verify some decisions that impact on Yorkshire Water?

We refer some matters to the Board of Kelda Holdings for verification as we believe this reflects best practice in relation to certain decisions. These are things such as the appointment of independent non-executive directors, changes to executive remuneration and the appointment of our external auditor. These decisions are always recommended by the Board of Yorkshire Water first, so nothing is referred to Kelda Holdings that is not already approved by Yorkshire Water; this helps to ensure that referral to Kelda Holdings does not give our shareholders undue influence.

The verification by Kelda Holdings provides a further layer of scrutiny from the five directors who are on the Kelda Holdings Board but not on the Board of Yorkshire Water, which helps to ensure that Yorkshire Water is not able to appoint unsuitable directors or an auditor which is not sufficiently independent from the business, for example. In a listed company this control comes from such decisions having to be put to shareholders in an Annual General Meeting.

The dividend policy is to:

- Determine a base dividend from a set yield applied to regulatory equity derived by reference to the company's actual capital structure.
- Adjust this base dividend to reflect and recognise in-the-round company performance, particularly performance against relevant targets set in the determination of price limits; the continuing need for reinvestment of profits in the business and the funding of employee interests;
- Ensure there are sufficient profits available for distribution in the foreseeable future and the company remains financially resilient, following the payment of a dividend, when considering the undertakings and financial covenants that are part of Yorkshire Water's financing arrangements.

Decisions in relation to dividends

As a privately owned company providing a public service it is essential that we have clear and transparent controls in place in relation to any dividends that we pay. All dividends paid by Yorkshire Water are solely decided by the Board of Yorkshire Water. The Board of Kelda Holdings Limited is only able to approve dividends being paid by Kelda Holdings Limited and makes no decisions in relation to dividends being paid by Yorkshire Water. The dividend policy for Yorkshire Water is set every five years as part of our Price Review and approved by Ofwat. Further information on our dividends for 2023 has been included in the Other Disclosures section in the ARFS.

When approving dividends to be paid in a financial year, the Board assesses both company performance to date and that expected for the whole of an AMP to determine the total dividends that could be paid for the whole AMP. As such, dividend payments are considered within the longer-term context of the business and not just on the basis on the last 12 months, and explicitly considers the ability of the business to be able to deliver into the future.

For the 2023 financial year the Board considered and agreed a number of clarifications to the application of the dividend policy given recent Ofwat guidance on financial resilience. Prior to approval of any dividends the Board considered a number of factors, including but not limited to: delivery of PCs that incorporate incentive-based rewards and penalties; circumstances where performance has exceeded or not met targets, customer service, or environmental performance; and the ability to maintain financial resilience.

Taking all of the above into account, the Board considers that a reduction to the base dividend in respect of performance in 2022/2023 and expected across AMP7 as a whole is appropriate. Reflecting this performance adjustment against the base yield, total dividends of £62.2m were paid in the year (2022: £52.6m) which represents a total dividend yield of 2.4% compared to a regulatory base yield of 4%. This provides a broadly consistent dividend with the two prior years of this AMP where dividend yield has averaged 2.6%.

None of these dividends were paid to the shareholders of Kelda Holdings Limited (2022: £nil), Yorkshire Water's ultimate parent company, as they continue to support the company's financial resilience.

These dividends included distributions of £22.0m (2022: £29.4m) that did not impact the company's liquidity position or its distributable reserves as they were returned immediately to the company in the form of interest receipts on intercompany loans. No dividends have been proposed post year end in relation to 2023 (2022: £nil).

Handling conflicts of interest

Each of our directors is subject to the obligations in relation to conflicts of interest that are set out in company law. Our Board members are all experienced directors and receive regular reminders of their statutory obligations. Our Board has investor directors, as well as executive and independent non-executive directors, and we place great importance on ensuring we maintain the right balance in the boardroom, so that the effectiveness of the Board is not undermined by conflicted interests. We have a standing agenda item at each meeting for conflicts of interest. If any of our directors believed that they were conflicted in any way, then this would be declared and appropriate action taken, such as excluding them from decisions where they may be conflicted. No conflict situations have arisen during the year under review.

Ensuring long-term focus

Our long-term strategy looks 25 years ahead and takes into consideration the long-term forecasts for Yorkshire in many areas such as population growth, water consumption and climate change. The Board has also spent much time considering the longer-term this year through the ongoing work on our PR24 Plan, which looks at water resources over the longer-term, our long-term delivery strategy and our drainage and wastewater plans for the future. The Board has also been closely involved in reviewing long-term financial plans during the year as part of a considerable amount of work assessing the long-term financial resilience of the business.

Each year the Board receives 'horizon scanning' information which sets out external matters to be aware of over the longer-term. The Board also considers the long-term viability of the business and makes a statement on this, considering various scenarios across the current and next AMP. Further information on this can be found in the *Strategic Report*, within the ARFS.

Our approach to transparency and governance

We recognise our position as a regional monopoly and we know that this makes it essential that our customers can trust us, as our household customers do not have the option to move to another supplier if we do not meet their expectations. We seek to be transparent and ethical in all that we do. We have taken a number of steps to improve our transparency over recent years, including through our Code of Ethics as mentioned earlier in this section. The Code sets out our expectations of everyone representing Yorkshire Water, at any level and provides a framework to help when someone faces a difficult ethical decision.

The Board's leadership and approach to transparency and governance engenders trust in the regulated company and ensures accountability for their actions.

Boards and its committees are competent, well run, and have sufficient independent membership, ensuring they can make high quality decisions that address diverse customer and stakeholder needs.

The Code was developed with the help of some of our Board members and was reviewed and approved by the whole Board prior to launch in 2021. We have seen examples of the effectiveness of this Code during the year through our 'speaking up' process where colleagues have come forward to raise concerns as a result of reading the Code of Ethics.

We take governance very seriously and seek to comply with the various regulatory and statutory requirements, adhering to best practice wherever possible. The disclosures in this Directors' Report set out our approach to governance and our compliance with such requirements.

Variable pay

The measures used in calculating variable pay for executive and senior colleagues are set out in the Directors Remuneration Report. The measures split into four key areas; protecting our environment, delivering for customers through service, delivery for customers through financial efficiency and keeping our people engaged and safe. These measures have been chosen to ensure that the objectives of our senior colleagues align to those of our key stakeholders, we have set this out in more detail in our Directors' *Remuneration Report* and try to do so in as clear and transparent a way as possible to help stakeholders understand our calculations of variable pay.

Assurance of information

We seek to assure information through independent means wherever we can, and we detail in this report where information has been independently verified and the three-line assurance process that we have in place to ensure the information we provide is trustworthy.

Ensuring an effective Board

We undertake an annual Board evaluation to consider the effectiveness of our Board. In 2023 this has been an internally facilitated evaluation, undertaken by our Company Secretary. The results of this and our goals for the coming year are described in our *Strategic Report*, within the ARFS.

Further information on how the Board fulfils its duties in relation to stakeholders, including colleagues, customers and communities, can be found in our *Section 172(1) report*, within the ARFS.

In all that the Board does we seek to apply one of the 'five S's' of corporate governance. These are strategy, stewardship, support, stretch and scrutiny and reflect the five modes in which the Board operates at different times. This has been helpful in ensuring that the Board does not always operate in one mode but performs a different function depending on the nature of what is being considered, which in turn helps to enhance the effectiveness of the Board. We arrange training for Board members where necessary to enhance knowledge in specific areas and arrange site visits where appropriate to enable Board and Committee members to see operations first-hand to enhance understanding.

We have undertaken a skills review as part of the Board evaluation work, which is used to identify any potential gaps in the expertise and experience that we have on the Board. This helps us to ensure we maintain a balance of the skills and experience that we need now and may need in the future. This is reviewed by the Nomination Committee and used when we undertake recruitment to ensure the role profile for any vacancy reflects the needs highlighted by the review.

The review showed that the current Board is least skilled in technology and digital matters. This was also highlighted last year, and in response our Audit and Risk Committee has had regular updates in the year on cyber risk and future workshop sessions on digitisation are planned.

We are aware that our current Board does not reflect the diversity of the community that we serve from both a gender and ethnicity perspective. We aim to comply with the recommendations of the Parker Review and the FTSE Women Leaders Review as soon as we are able. We always take these recommendations into account when recruiting to the Board, and a Board Appointments Policy is in place which ensures a consistent and fair approach to recruitment is always undertaken.

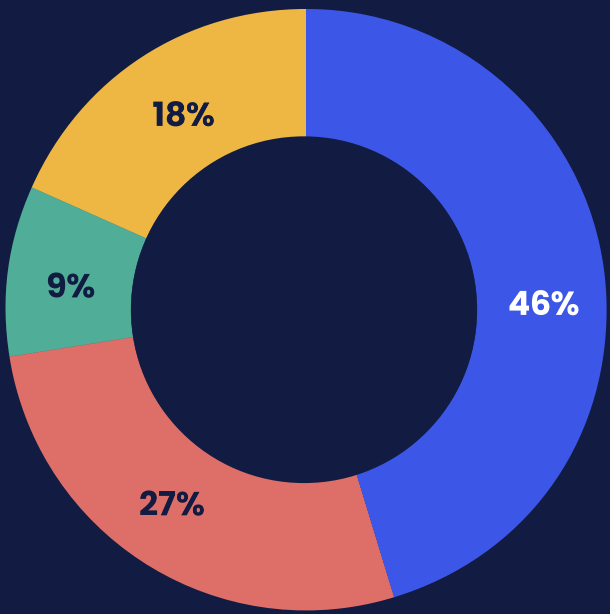
The fundamental objective of recruitment remains to ensure that the best candidate for the role is appointed, but we actively work with recruitment consultants to ensure we review a diverse range of candidates and that all are given an equal opportunity for the role.

We have provided a report from each of our Board committees as part of this ARFS, which sets out the work that each Committee has done during the year, the purpose of the Committee and the areas for which each Committee can be held accountable. We have gone beyond the governance requirements of having an Audit, Remuneration and Nomination Committee to also have Public Value and Safety, Health and Environment Committees to enable Board members to spend additional time in these areas, focusing on specific matters in detail and providing assurance in these areas to the Board. We have also created a PR24 Committee during the year under review to focus specifically on the PR24 programme leading up to our PR24 submission in October 2023. This committee enables Board members to spend more time considering the detail of the programme of work and the draft submissions. We continue to keep the Terms of Reference of each committee under review to seek to optimise its effectiveness.

The Wates Corporate Governance Principles for Large Private Companies

The above principles were published in December 2018 and are a voluntary code for private companies. These contain six principles relating to purpose and leadership, Board composition, director responsibilities, opportunity and risk, remuneration and stakeholder relationships and engagement. The Board has reviewed these principles and considers that it complies with all six. Further information on how the Board operates in each of the six areas identified is contained throughout the *Strategic Report and in this Directors' Report*, within the ARFS.

Leadership



Our Board composition

As at 31 March 2023, the Board comprised the following:

- Independent Non-Executives
- Investor Non-Executive Directors
- Other Non-Executive Directors
- Executive Directors

Board committees

The Board has established and delegated specific responsibilities to Audit and Risk, Nomination, People and Remuneration, Safety, Health and Environment, and Public Value Committees. A PR24 Committee was also established during the year and met once in March 2023. Each committee reports back to the Board after each meeting to ensure that the whole Board is aware of the matters considered by the committees.

Each committee has its own report which sets out the role of the committee and how it has operated during the year under review.

How the Board operates

The Board had six scheduled meetings in the year, with seven additional ad-hoc meetings held to approve the appointment of the new Chief Executive, approve the interim financial statements and to consider and approve the undertaking signed with Ofwat in October 2022. Attendance at the meetings is shown in the table below. Our scheduled meetings are preceded the evening before by an informal meeting over dinner, allowing more time to debate issues in depth.

The Board agenda is set for each meeting by the Chair, with input from the executive directors and the Company Secretary. In addition, any of the other directors can request a matter to be added to the agenda at any time.

Monthly reports on operational matters, health, safety and environmental matters and financial performance are circulated to the Board members regardless of whether a Board meeting is scheduled.

The Board seeks to regularly meet both formally and informally with senior management from across the business to gain further insight into the day-to-day operations and the key risks and opportunities facing each part of the business. Members of the Executive and other key senior managers are regularly invited to attend Board meetings to provide updates and give the non-executive Board members regular direct access to the senior management team.

There is a schedule of Matters Reserved for the Board which sets out the specific matters that must be referred to the Board for approval. These include matters relating to company structure, dividend policy, material regulatory submissions and external press releases, along with significant operational and strategic matters.

The Board considers the role of the Company Secretary to be key in ensuring that the Board has the right governance in place and that Board processes follow best practice. The Company Secretary meets with each of the directors individually as necessary to discuss governance-related matters. The directors are also able to obtain independent professional advice at the expense of the company whenever necessary.

Attendance at Board and committee meetings

Director	Board No./max[1]	Audit and Risk Committee No./max	Safety, Health and Environment Committee No./max	Nomination Committee No./Max	People and Remuneration Committee No./Max	Public Value Committee No./Max	PR24 Committee No./max
Vanda Murray	13/13	1/1	4/4	5/5	4/4	4/4	1/1
Scott Auty	13/13	-	4/4	5/5	4/4	-	
Liz Barber	0/1	-	-	0/1	-	-	
Wendy Barnes	4/4	4/4	-	2/2	2/2	1/1	1/1
Andrew Dench	11/13	8/8	-	5/5	4/4	-	0/1
Russ Houlden[1]	13/13	-	-	5/5	4/4	4/4	1/1
Paul Inman	1/1	-	-	-	-	-	-
Chris Johns	11/12	-	-	-	-	-	-
Andrew Merrick	13/13	8/8	4/4	5/5	1/1	4/4	1/1
Ray O'Toole	12/13	3/3	4/4	5/5	1/1	-	-
Nicola Shaw	12/12	-	3/4	-	-	3/4	-
Julia Unwin	12/13	-	4/4	5/5	4/4	3/4	1/1
Andrew Wyllie	12/13	8/8	4/4	5/5	4/4	-	-

1. The large number of ad-hoc meetings scheduled during the year, often at short notice, inevitably meant that some directors were unable to make every meeting due to prior commitments. None of the six originally scheduled meetings in the year were missed and all directors who were unable to make a meeting were provided with papers to review and comment upon in advance of the meeting.

Training and development

The Board receives regular updates on governance-related matters and more formal training where appropriate. Potential training needs are discussed as part of individual performance evaluations, plus each director is given the opportunity to flag any additional training requirements as part of the annual Board evaluation process. New directors joining the company are given a broad and comprehensive induction to the business consisting of site visits, meetings with key personnel and detailed information relating to the business, as well as any training specifically required in relation to the duties of directors and their role on the Board.

Business model and KPIs

The details of our business model and our KPIs are included in the *Strategic Report*, within the ARFS.

Reappointment of the external auditor

Deloitte LLP has advised of their willingness to continue in office and have confirmed their continued independence. Deloitte LLP was appointed as external auditor in 2018, following a robust competitive tender process which resulted in a change of auditor. Following consideration of the relationship with the external auditor, the Audit and Risk Committee has recommended to the Board that Deloitte LLP is re-appointed, and it has been resolved to re-appoint them. They have provided an independent audit opinion on these accounts which can be found in the *Financial Statements* section, within the ARFS. In line with best practice, our previous Audit Partner rotated away during the year and was replaced by Chris Robertson, who is entirely independent from Yorkshire Water.

Board evaluation

We reported last year on the Board evaluation that we undertook in 2022 and the areas for additional focus that were identified through that evaluation. The table below sets out these areas and the progress made during the year:

Area for additional focus	Progress in 2023
Ensuring greater focus on colleague engagement with the Board wishing to receive more regular updates on colleague sentiment.	The Board has received regular updates on colleague sentiment throughout the year through the monthly CEO Report, the feedback from the Yorkshire Water Voice surveys and from the Colleague Engagement Forum. In addition the Board has met with multiple colleagues from the business who have attended Board and Committee meetings during the year and such colleagues are always encouraged to talk openly and candidly about colleague sentiment.
More time to be spent by the Board in considering technology and digital developments, reflecting the relatively low level of expertise in this area at the Board.	The Board has received a number of updates in the year through the Audit and Risk Committee on cyber-related matters. Further discussions and workshops are planned in relation to digitisation and technological developments that may impact upon the sector.
Ensuring greater focus by the Board on customers and a desire to pursue more innovative ways of allowing the Board to learn from, and interact with, customers.	There has been an increase in the reporting of customer feedback during the year and the reporting of customer metrics. The recruitment of Wendy Barnes during the year as an independent non-executive director has also brought additional expertise in this area to the Board. Work will continue into 2024 to ensure that the customer voice is increasingly heard at the Board.
Some specific topics were highlighted for inclusion in the forward agenda for the Board, including a deep dive on specific environmental matters, climate change, culture, PR24 and regulatory engagement.	These specific topics have been included in the Board and committee agendas during the year as appropriate.

In 2023 our Board evaluation has been undertaken by our Company Secretary. The evaluation consisted of one-to-one interviews of all Board members. The results from these interviews were compiled into a report which was shared with the Board for discussion.

The review concluded that the Board and its committees were operating effectively with a number of areas of strength noted, including the trust and openness amongst Board members, the feeling of all Board members that their voice is heard, and a clear understanding of the risks and issues facing the business.

The review highlighted some specific areas for focus in 2024:

- Consideration to be given to the way in which environmental, social and governance matters are brought to the Board and whether this is more effectively done through the Board meetings or through one or more of the committees;
- A more detailed skills audit to be undertaken to assess the experience of the current directors, to inform future recruitment requirements; and
- Thought to be given to strengthening the Colleague Engagement Forum to further enhance its effectiveness in making the colleague voice heard at the Board, which in turn will help improve the effectiveness of the Board.

An action plan has been developed and agreed by the Board and the progress made will be reported in our Corporate Governance Statement for the year ended 31 March 2024. In addition to the annual Board evaluation, the Chair meets with each Board member individually on at least an annual basis to discuss their own performance and to identify any areas for development or potential training needs. The Senior Independent Director also gathers feedback separately on the performance of the Chair and discusses this with her at least annually.

Non-executive director meetings

The independent non-executive directors and investor directors meet with the Chair at regular intervals to discuss Board-related matters.

Powers of the directors

The business of the company is managed by the directors, who may exercise all the powers of the company, subject to the provisions of the Articles of Association and relevant statutes.

All directors have a statutory duty to avoid conflicts of interest. Our Articles of Association permit those directors who are not conflicted to authorise conflict situations, as is standard practice. Conflicts of interest are a standing agenda item at each Board meeting and any potential conflicts must be disclosed and may then, if appropriate, be authorised by the non-conflicted directors. Any such authorisations may be subject to appropriate conditions. The directors do not consider that any actual conflicts of interest have arisen during the year between the roles of the directors as directors of the company and any other roles which they may hold.

Our Chair, executive directors and investor directors remain mindful that they hold directorships on both the Board and that of Kelda Holdings Limited and that these operate as distinct legal entities.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence over a period of at least 12 months from the date of approval of the Financial Statements. For this reason, they continue to consider it appropriate to adopt the going concern basis of accounting in preparing the Financial Statements. Please see note 1 of the *Financial Statements*, within the ARFS, for full going concern considerations.

Directors' statement

The directors confirm that they consider the ARFS, taken as a whole, to be fair, balanced, and understandable and provides the information necessary for shareholders and other stakeholders to assess the company's performance, business model and strategy. When arriving at this position the Board was assisted by a number of processes including the following:

- The ARFS is drafted by senior management with overall co-ordination by senior members of the Finance team to ensure consistency across the relevant sections;
- An internal verification process is undertaken to ensure factual accuracy;
- Comprehensive reviews of drafts of the ARFS are undertaken by the executive directors and senior management;
- An advanced draft is reviewed by the Board;
- The final draft is reviewed by the Audit and Risk Committee prior to consideration by the Board. The Committee advised the Board that the ARFS, taken as a whole, is fair, balanced, and understandable for shareholders and other stakeholders to assess the company's performance, business model and strategy. Each director in office at the date of this report confirms that, to the best of their knowledge the Financial Statements give a true and fair view of the assets, liabilities, financial position, and loss of the company; and
- The Strategic Report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that it faces.

The directors have voluntarily complied with the Disclosure and Transparency Rules (DTR), to the extent that these can be reasonably applied to the company. The company is required, under its licence, to publish information about its results as if it were a company with a premium listing on the London Stock Exchange.

Disclosure of information to auditors

Each director in office at the date of this report confirms that:

- So far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- Each director has taken all the steps they ought to have taken as a director in order to make themselves aware of any relevant audit information, and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the ARFS in accordance with applicable law and regulations. Company law requires the directors to prepare Financial Statements for each financial year. Under that law the directors have prepared the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (GAAP) (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102: the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), and applicable law). Under company law the directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these Financial Statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently.
- State whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the Financial Statements.
- Make judgements and accounting estimates that are reasonable and prudent.
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for the maintenance and integrity of the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Relations with shareholders

As a private limited company, we have three shareholder representatives appointed as non-executive directors to our Board. Our fourth shareholder also has an appointed representative who attends our Board meetings as an observer.

This means that we have regular interaction with representatives from each of our shareholders and can present detailed information to them to enhance their understanding of our business and the communities which we serve. This also means that we can understand in detail the views of our shareholders which has been extremely useful in building a strong relationship and understanding since the appointment of our first investor directors in September 2017.

Amendments to the company's Articles of Association

Any amendments to the company's Articles of Association may be made by passing a special resolution of the shareholders.

Our risk management framework

Our risk management framework, which sets out our approach to identifying and managing our risks, is detailed in our *Strategic Report*, within the ARFS.

Risk management responsibilities

The Board

The Board has overall responsibility for setting the risk appetite for the business and for ensuring that the overall risk profile is aligned with this. It is also responsible for ensuring that the business maintains sound internal control and risk management systems, as well as reviewing the effectiveness of those systems.

To do this, the Board has regular meetings with senior management and, via the Audit and Risk Committee, receives regular reports from the internal auditors and the external auditor on the effectiveness of the systems of internal control and risk management. The Board is satisfied that the systems are embedded within the day-to-day activities of the business and cover all material controls, including financial, operational and compliance controls, and that the business continues to be compliant with the provisions of the UK Corporate Governance Code relating to internal control.

The leadership team

The Executive is responsible for reviewing the risks that have been recorded, to ensure completeness and accuracy, as well as assessing the suitability of the mitigations in place and any proposed timescales for further controls to be implemented.

Audit and Risk Committee

The responsibilities of the Audit and Risk Committee in relation to risk management are set out in the *Audit and Risk Committee Report*, within the ARFS.

Financial risk management

We produce an annual budget which is reviewed by senior management and ultimately approved by the Board. A business plan, based on the most recent Final Determination, is also in place which enables the business to have a clear longer-term view of financial projections on a five-yearly cycle.

We also prepare monthly performance reports against budget, which are monitored by each business area and reported at Executive and Board meetings. Further information about the financial risk management policies in place and, in particular, the way in which credit risk, liquidity risk, interest rate risk and foreign currency risk are managed, is in note [18] to the *Financial Statements*, within the ARFS.

Greenhouse gas emissions

Information on our GHG emissions for the year to 31 March 2023 is contained in our Strategic Report in the *Environment* section, within the ARFS.

Nomination Committee Report

On behalf of the Nomination Committee and the Board, I am pleased to present the Nomination Committee Report for the year ended 31 March 2023.

The role of the Nomination Committee is to keep the structure, size and composition of the Board under review and to ensure that the balance of skills, knowledge and experience of the Board meets the requirements of the business, both now and in the future.

The Committee is also responsible for over-seeing the recruitment process for new directors and for making recommendations regarding appointments to the Board.

Board Changes

As announced last year, we appointed Nicola Shaw as our new Chief Executive in May 2022. We engaged with Spencer Stuart to draw up a long list of candidates which was then reviewed by the Committee, with Committee members all being involved in the interview process.

During the year we also appointed Wendy Barnes to our Board. The Committee spent time considering the skills required for the role and Warren Partners were engaged to search for candidates and assist with the interview process. Once Wendy was identified as the preferred candidate, all members of the Board were given the chance to meet with her and then a recommendation was made on behalf of the Committee for her appointment.

The remit of the Nomination Committee:

- The composition of the Board and Executive team in terms of size and skills.
- Oversight of succession planning and talent development in the business.
- Oversight of Board recruitment.

Board structure

Our Board structure is different from that of a listed company in that we have three investor non-executive directors who sit on our Board, alongside our independent non-executive directors and our executive directors. This has been the case since September 2017. Having representatives from our shareholders in the room is immensely beneficial to us as it enables us to understand their views in detail and ensures they hear first-hand all of the information that is presented to the Board in order to provide support and challenge as appropriate.

Whilst they are not deemed independent in accordance with the definition in the UK Corporate Governance Code, the investor directors still carry the same legal and fiduciary duties as our other directors and fully understand the importance of the services that we provide to Yorkshire and the impact that our actions have on the local communities which we serve and the environment. They also individually bring skills and experience to the Board which assist in creating a greater diversity of skills and experience, which is beneficial to the Board in its decision making.

We maintain a Board skills matrix which the Nomination Committee uses to monitor the balance of skills and experience on the Board and to identify any areas where new skills or experience may be required. Further information on this can be found earlier in the Governance section, within the ARFS.

Developing talent

In addition to reviewing the composition of the Board, the Nomination Committee plays a key role in developing talent in the organisation, to identify and promote those who are potential future Board members, either of Yorkshire Water or elsewhere. This includes ensuring that there are equal opportunities for development for people of all genders.

The Committee has a Board Appointments Policy which sets out the key principle for appointments to be made on merit, with consideration always being given to the need for diversity of all types. Yorkshire Water is committed to using open advertising or the services of an independent external adviser when recruiting to the Board and will only use external executive search firms who have signed up to the voluntary Code of Conduct addressing gender diversity and best practice.

Thanks and feedback

Our non-executive directors contribute significant time and effort in their roles and have done so particularly this year with multiple ad-hoc meetings being scheduled for Board members throughout the year. I would like to thank them for their ongoing commitment to Yorkshire Water.

Any feedback on the performance of the Nomination Committee is always welcome and this can be directed to me through our Company Secretary, Kathy Smith, who can be contacted at compsec@yorkshirewater.co.uk

Vanda Murray

Vanda Murray OBE, DBA
Chair, Nomination Committee
14 July 2023

Attendance at Committee meetings

The Nomination Committee is a sub-committee of the Board and meets as often as required each year. During the year ended 31 March 2023, the Committee met five times. The membership and attendance of the Committee is set out earlier in the Governance section, within the ARFS. Meetings are also attended by the Company Secretary.

Committee responsibilities

- To review the structure, size and composition of the Board on a regular basis and to make recommendations to the Board regarding any changes;
- To ensure plans are in place for orderly succession to Board and senior management positions, and oversee the development of a diverse pipeline for succession;
- To keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to meet its obligations in relation to investors, the public service it provides and the community in which it operates;
- To oversee the process for the recruitment of any Board roles; and
- To review annually the time required from each of the directors to perform their roles effectively.

The Terms of Reference of the Committee are in line with the recommendations in the UK Corporate Governance Code and from the Chartered Governance Institute.

Copies of the Terms of Reference for all our committees are available from the Company Secretary or on our website at yorkshirewater.com

Committee evaluation

During the year an internally facilitated evaluation was undertaken of the Board and all of its committees. The feedback on the Nomination Committee showed it to be operating effectively. A more detailed skills audit was identified as an area for focus in the coming year, and this will be included as part of a wider Governance Review to be undertaken later in the year.

Statement on dividend policy for the appointed business

Our dividend policy explicitly states that distributions will only be made after an appropriate financial resilience analysis has been undertaken, that dividends will be adjusted to reflect and recognise company performance and benefit sharing from service and efficiency, performance and states the continuing need for the reinvestment of profits in the business and the funding of employee interests.

The policy ensures that delivery for customers and colleagues is not just considered but factored into any amounts that are to be paid out as dividends. Whenever a dividend is considered by the Board, a paper is prepared for the Board's consideration, which sets out the purpose of the dividend and how it complies with the dividend policy.

Statement on executive pay and performance

Directors' Remuneration Report

Our information on directors' remuneration is structured as follows:

- Annual Statement from the Chair of the People and Remuneration Committee, providing an overview of the key developments and remuneration decisions made during the financial year.
- Remuneration Policy Report, setting out the remuneration policy for 2024 that has been recommended by the People and Remuneration Committee and approved by our shareholders.
- Annual Report on Remuneration, showing how the remuneration policy for 2023 has been applied, how we intend to apply the new policy for 2024, along with a summary of the work of the People and Remuneration Committee in the year.

Yorkshire Water is a private limited company and our shareholders do not require us to hold an AGM. This report is therefore not subject to approval at an AGM but is presented for information to our stakeholders, to ensure we are transparent in what we pay our directors, and in compliance with the relevant legislation.

Annual Statement from the Chair of the People and Remuneration Committee

On behalf of the People and Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2023.

The People and Remuneration Committee has seen two changes of Chair during the year, with Ray O'Toole stepping down from the role on 1 July 2022, and Julia Unwin then acting as Interim Chair until my appointment on 1 November 2022. I would like to thank both Ray and Julia for their work as the Committee Chair and their support to me in taking on the role.

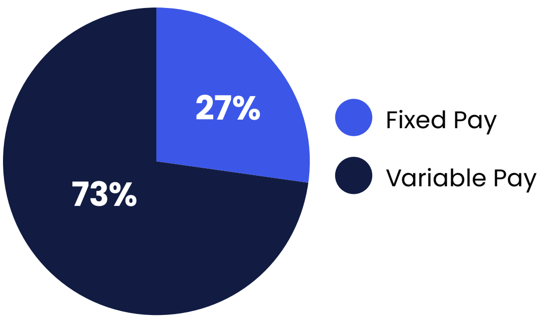
I am acutely aware that I have taken on the role of the People and Remuneration Committee Chair at a time of great scrutiny over the remuneration of directors both within the water sector and beyond. Our colleagues and communities have been impacted, like those elsewhere in the country, by the increased cost of living. There has also been an erosion of trust and confidence seen in the sector which we are keen to restore. The Committee acknowledges the important role that executive remuneration has to play in all of this and the increased focus that it is rightly receiving from our colleagues, communities, customers and our economic regulator, Ofwat.

Our Chief Executive, Nicola Shaw, announced on 9 May 2023 that she had decided not to accept a bonus payment for the year under review from our Executive Incentive Plan (EIP). This was a decision made solely by Nicola rather than being a Committee decision.

As a Committee we are committed to ensuring our executive remuneration is fair and transparent. We want our remuneration policy to be easy for all to understand and one which only rewards good performance, is competitive and enables us to attract and retain people with the skills we need to move Yorkshire Water forward. We know that as a company we have significant room for improvement in a number of areas and there is a lot of work to be done to get us to where we want to be. We need high-performing executives who can lead Yorkshire Water on our journey of improvement, and we want to be able to pay them fairly for the results that they deliver. We are also very aware of the need to ensure we use customer money to deliver the best results for Yorkshire and we consider factors in our decisions, including the pay and employment conditions of others across the rest of the business and in the communities we serve.

We weight our executive remuneration towards variable pay so that the pay each year reflects actual performance; both financial and non-financial. Our variable pay is managed through the EIP which has both a short-term and long-term element. The EIP is described in more detail later in this report. We include performance measures for the variable pay that relate to customer satisfaction, delivery of our services, the engagement of our colleagues, the health and safety of our colleagues, and our impact on the environment as well as our financial performance, which should also deliver for customers by ensuring we are using their money wisely and delivering on our promises without over-spending.

Maximum Executive Remuneration Each Year



Policy changes

We review our remuneration policy each year to ensure it remains fit for purpose. The Committee has spent time this year discussing the current variable pay scheme. We are keen to simplify this in future years and will develop a new scheme during the 2023 calendar year for implementation from 1 April 2024. We will continue to apply our existing EIP until April 2024, however we have reviewed and revised the performance measures to better align to the objectives of the business and the views of our stakeholders. More information on this can be found in our *Annual Report on Remuneration*, within the ARFS.

Board changes

We announced in April 2022 that our CEO, Liz Barber, was retiring from the Board and she was replaced by Nicola Shaw on 9 May 2022. Information on the remuneration decisions in relation to this change were included in our Remuneration Report last year.

This year our CFO, Chris Johns, stepped down from the Board on 28 February 2023 and was replaced by Paul Inman with effect from 1 March 2023. We have set out the remuneration decisions in relation to this change in this report, all of which are consistent with our remuneration policy.

Performance

As set out in our *Strategic Report*, within the ARFS, this has been a challenging year for Yorkshire Water with the impact of a severe drought and inflationary pressures felt throughout the year. We have not performed as well as we would have liked to in certain areas, for example with disappointing C-MeX scores and a reduction in our colleague engagement during the year. Not all of our performance has been poor, however, and colleagues have worked extremely hard to deliver an improved Environmental Performance Assessment score, from two-star to three-star, a reduction in pollution incidents year-on-year and a strong performance in relation to leakage, as well as our best ever health and safety performance.

All of these factors have been taken into account by the People and Remuneration Committee in our consideration of remuneration throughout the year and our desire to ensure that we are rewarding and motivating our executives in the right way, whilst not rewarding under-performance.

Key decisions by the Committee in the year

The Committee met four times during the financial year and there have been a number of key decisions taken, which are outlined below:

The change of Chief Financial Officer

As noted above, Chris Johns stepped down from the Board on 28 February 2023 and left the business on 14 April 2023. The Committee reviewed the pay arrangements for his departure and agreed that Chris would receive six months' base pay and benefits in lieu of notice, in accordance with his contractual entitlement. The Committee exercised discretion to pay this in one lump sum and this was paid in April 2023.

In addition, the Committee agreed that Chris should be treated as a good leaver in accordance with the rules of the EIP, this means that he would still receive the awards that remained outstanding at the date of his departure, but that these would be pro-rated to the date of his leaving. Chris had outstanding awards that would have fallen due in July 2024, July 2025 and July 2026. The Committee exercised its discretion to agree to pay these pro-rated awards early in July 2023, with adjustments being made to the amount falling due to reflect the forecast performance of these awards. This meant a discretionary discount of between 36% and 20% was applied to each outstanding award. Details of the amounts to be paid to Chris in July 2023 are shown later in this report.

Paul Inman joined the business as the Chief Financial Officer on 1 March 2023. The Committee reviewed the remuneration to be offered to Paul and agreed a base salary of £380,000 with a car allowance of £7,500 and the rest of his benefits and remuneration in line with those offered to Chris Johns. This is all in line with the remuneration policy and reflects what the Committee believes to be the market rate for the role, as well as the experience and skills that Paul brings to the role. Further details of the amounts to be paid to Paul are shown later in this report.

Salary review for executive directors

The annual pay negotiations across the business resulted in an average pay rise of 7.3% being awarded across the business with effect from 1 April 2023. This has been applied with higher percentages of up to 8.5% going to our more junior colleagues through to an award of 2.0% being awarded to our senior leaders. The Committee reviewed the pay of the executive directors in June 2023 and agreed to apply an increase of 2.0% to the base pay of Nicola Shaw with effect from 1 April 2023. Given his recent arrival, Paul Inman has not received an increase with effect from 1 April 2023.

The award and measures for the EIP

Awards are made annually under the EIP in April of each year. As in previous years, the award made in April 2022 to Chris Johns was equivalent to a maximum of 150% of base salary for the short-term element of the scheme and up to 150% of base salary for the long-term deferred element, in line with our remuneration policy. Equivalent awards were then made to Nicola Shaw and Paul Inman upon their appointment, at the discretion of the Committee, with the base salary on which the percentages were calculated pro-rated to the actual amount received in the year of appointment.

The Committee also agreed on the measures for the short-term element of the award, setting the threshold, target and maximum performance levels for each element of the scheme to drive delivery of the desired outcomes for the business.

The long-term performance measures for the EIP that was awarded in 2021 were also agreed and communicated to participants. These aim to ensure that the position achieved at the point of vesting in 2024 is at least maintained for the remaining performance periods.

Variable pay vesting in 2023

There were two variable pay elements with performance periods ending in 2023; the first year of the EIP awarded in 2022 and a long-term element of the EIP awarded in 2020, for which the short-term element vested in 2021.

The performance in the first year of the 2022 EIP award indicated vesting of 47.6%. This was discussed at length by the Committee, who always want to ensure that any amounts that vest reflect the overall performance of the business and take into consideration the wider context of the year under review. These discussions considered all areas of performance across the business, including the specific measures included in the scheme. The Committee noted that the vesting calculations reflected actual performance with no vesting in areas of under-performance and partial vesting in other areas where progress had been made. A full vesting only occurred in relation to the health and safety targets, reflecting the strong health and safety performance in the year. The Committee agreed that the vesting calculations therefore fairly reflected the operational, financial, customer and environmental performance in the year.

The Committee is extremely aware of external pressures on the water industry at the current time, however both Nicola and Paul have been brought into the business to improve our performance for the benefit of customers and the environment. In order to attract people of the required calibre we need to be able to reward them at a level that reflects what they could earn if they were to move elsewhere.

The Committee wholeheartedly believes that executive performance-related pay should clearly link to stretching performance delivery for customers, the environment and other stakeholders and our EIP has been designed to do this. It does not reward under-performance and if targets are not met then the reward in that area does not pay out. The vesting of 47.6% is far below our target pay out of 80% which reflects the fact that the business has not delivered in certain areas.

Whilst the Committee recommended a vesting of 47.6%, as noted above Nicola Shaw has taken the decision not to accept a bonus payment from our EIP for the year under review, in response to the strength of feeling among customers about the issues linked to river health. The Committee respects this decision and therefore no short-term EIP payment will be made to Nicola in July 2023.

The EIP awarded in 2020 had a short-term vesting of 84.0% in 2021. The long-term element of the scheme was therefore reduced to 84.0% and split into three equal parts to potentially vest in 2023, 2024 and 2025 respectively. Performance against the long-term measures for the amount due to vest in 2023 indicated a vesting of 59.0%. This was reviewed by the Committee, and it was agreed that this level of vesting should be approved given the targets achieved. This effectively reduced the 84% vesting to 49.6% vesting for the long-term element deferred to 2023.

Both payments in relation to the EIP will be paid to executive directors in July 2023, although it should be noted that neither Nicola Shaw nor Paul Inman participated in the EIP scheme awarded in 2020 and therefore no long-term element will be paid to them. Further information on the amounts to be received is shown in the **Remuneration Policy Report.**

Feedback

As a private limited company, our Remuneration Report is not subject to a vote an at AGM. We are keen, however, to receive any feedback from stakeholders on our remuneration policy, which may be directed to me via our Company Secretary, who can be contacted at compsec@yorkshirewater.co.uk

Wendy Barnes
Chair of the People and Remuneration Committee
14 July 2023

Remuneration Policy Report

This Policy Report sets out the Directors' remuneration policy for Yorkshire Water and applies from 1 April 2023. There have been no policy changes in the year.

Any existing remuneration commitments or contractual arrangements agreed prior to the implementation of this policy will be honoured in accordance with their original terms.

Remuneration payments and payments for loss of office can only be made during the policy period if they are consistent with this policy or are otherwise approved by our shareholders by an ordinary resolution.

Policy overview

The current remuneration policy for directors comprises the elements set out in the table overleaf.

In setting the policy, the Committee considers a number of factors, including:

- Alignment of the remuneration policy with the strategic objectives of the business and the interests of customers, our colleagues and the environment to ensure reward reflects performance;
- An appropriate balance between fixed and performance-related pay to incentivise strong long-term performance and sustained shareholder value creation and behaviour aligned with the Yorkshire Water values, whilst not driving unnecessary risk-taking or irresponsible behaviour;
- Internal levels of pay and employment conditions across the rest of Yorkshire Water;
- Provide a remuneration structure that is sufficiently competitive to attract, retain and motivate executive directors of a high calibre;
- The principles and recommendations set out in the UK Corporate Governance Code, the Wates Corporate Governance Principles for Large Private Companies and the Ofwat Board Leadership, Transparency and Governance Principles; and
- Periodic external comparisons of market trends and practices elsewhere in the water industry and in companies of a similar size, complexity and geographic scope.

We want our remuneration structure to be simple and transparent and to clearly link pay to performance. Our policy ensures that performance-related components form a significant proportion of the overall remuneration package, with maximum total potential rewards earned only through the achievement of stretching performance targets based on measures selected to promote the long-term success of the company and an enhanced customer experience.

Consideration of pay and employment conditions across the business

The Committee considers the pay and employment conditions of colleagues across the business when setting the remuneration policy for the executive directors, to ensure that these are aligned where appropriate. We regularly monitor pay trends across all levels of the business and salary increases for the directors will normally be in line with those of the wider workforce, in percentage terms.

The Committee also seeks views on remuneration from colleagues across the business through the Yorkshire Water Voice survey, which has been conducted once during the year.

How the Committee may exercise discretion

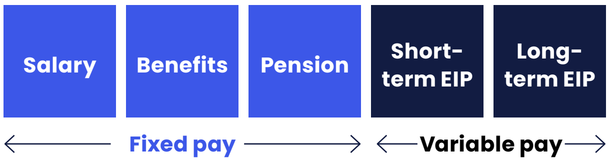
The Committee may exercise discretion in two broad areas for each element of remuneration, as follows:

- To ensure fairness and align executive remuneration with underlying individual and company performance, the Committee may adjust, upwards or downwards, the outcome of any variable pay within the limits of the relevant plan rules. This includes taking into account regulatory or statutory breaches that become apparent in the year under review.
- In the case of a non-regular event occurring, the Committee may apply its discretion to ensure fairness and seek alignment with business objectives. Non-regular events include, but are not limited to corporate transactions, changes in the company's accounting policies, administrative matters, internal promotions, external recruitment, terminations, etc.

Any adjustments in light of corporate events will be made on a neutral basis: this means that the intention of any adjustment will be that the event is not to the benefit or detriment of participants. Adjustments due to underlying performance may be made in exceptional circumstances to ensure outcomes are fair both to shareholders and participants.

Any use of discretion by the Committee during the financial year will be detailed in the Annual Report on Remuneration each year.

The remuneration of our executive directors is made up of five elements:



Executive directors' policy table

Component of remuneration and how it supports the Yorkshire Water strategy	How does this operate and what is the maximum that may be paid?	What performance measures are used and why?	Are there any provisions to recover sums paid?
Fixed pay			
Base salary Setting the base salary at the right level enables us to attract and retain the high calibre executives required to deliver the performance we want at Yorkshire Water.	Salaries are reviewed annually with changes typically effective from 1 April. The review considers the annual salary increases for the workforce generally as well as any other key internal and external reference points, including the calibre and performance of the individual. Base salaries are usually set in line with the market rate for the role when benchmarked against other water companies or other utility companies, whilst also taking into consideration market rates in both the FTSE 250 and FTSE 100 for similar roles. There is no prescribed maximum annual basic salary or salary increase. Increases will not normally exceed the general level of increase for colleagues across the business in percentage of salary terms; however, we may award higher increases in certain circumstances, for example, where there is a change in responsibility, progression in the role or a significant increase in the scale of the role or the size or complexity of the business. Details of the base salaries for each of the executive directors are shown in the *Annual Report on Remuneration.*	No specific performance measures are used to determine base salary, but individual and business performance are considered as part of the discussion when setting the base salary levels.	There are no provisions to recover any sums paid.

Component of remuneration and how it supports the Yorkshire Water strategy	How does this operate and what is the maximum that may be paid?	What performance measures are used and why?	Are there any provisions to recover sums paid?
Fixed pay			
Benefits Paying the right level of benefits helps us to attract and retain the right individual for the role.	The provision of benefits is set based upon general market practice, considering the benefits available to other colleagues across the business. The benefits available to executive directors may include a combination of: • Private medical insurance for the executive, their spouse and dependent children; • Life assurance; • A choice of company car-lease or a car allowance of up to £12,000 per annum for the CEO and £7,500 for the CFO; • Medical screening; and • Optional private fuel provision. Executive directors will be eligible for any other benefits which are introduced for the wider workforce on broadly similar terms. We also reimburse normal business-related expenses for our executive directors. The cost of benefits may vary from year to year and there is no maximum level set.	Benefits are not performance related.	There are no provisions to recover any sums paid.
Retirement benefits Retirement benefits are paid as part of a market competitive package which, in turn, helps us to attract and retain high calibre individuals to deliver the strategic objectives of the business.	Executive directors are entitled to receive a company contribution to the defined contribution stakeholder scheme of up to 10% of basic salary. Alternatively, they can elect to receive a cash allowance of up to 10% of basic salary or a combination of a company contribution to the defined contribution stakeholder scheme and a cash allowance.	Retirement benefits are not performance related.	There are no provisions to recover any sums paid.

Component of remuneration and how it supports the Yorkshire Water strategy	How does this operate and what is the maximum that may be paid?	What performance measures are used and why?	Are there any provisions to recover sums paid?
Variable pay			
EIP – short-term element The short-term element of the EIP is designed to ensure focus on short-term priorities for the benefit of customers, shareholders and other stakeholders, such as the environment. The combined elements of the EIP represent a significant proportion of the overall remuneration package and incentivise outperformance against targets.	Performance targets are set at the beginning of the year by the Committee with up to 150% of base salary vesting each year depending on the performance in that year against the targets set, as determined by the Committee. All payments are at the ultimate discretion of the Committee. 20% of the maximum is payable for achieving the threshold hurdle, rising to 80% of maximum at target level and with payments of up to 100% of the maximum level for stretch performance. The threshold and target levels reflect the greater emphasis placed on variable pay by the Committee.	A balance of financial and non-financial measures is selected by the Committee at the start of each year. All targets are clear, stretching and measurable and relate to the main KPIs for the company. The measures agreed for 2023 and 2024 are set out in more detail later in this report. In addition to the performance measures set by the Committee, there is an underpin that the Committee must be satisfied that the financial and non-financial performance of the business over the performance period warrants the level of vesting.	Payments are subject to clawback in the event of misstatement of performance, errors in the assessment of performance conditions or misconduct.

Component of remuneration and how it supports the Yorkshire Water strategy	How does this operate and what is the maximum that may be paid?	What performance measures are used and why?	Are there any provisions to recover sums paid?
Variable pay			
EIP – long-term element The long-term element of the EIP is designed to ensure focus on long-term business goals and sustainability for the benefit of customers, shareholders and other stakeholders, such as the environment. The combined elements of the EIP represent a significant proportion of the overall remuneration package and incentivise outperformance against targets.	The long-term element of the EIP is subject to the same performance measures as the short-term element in year one. The maximum award for the long-term element is 150% of base salary but this is then capped by the performance level in year one, with the capped amount being deferred in equal instalments to years three, four and five of the scheme. The instalments in years three, four and five are then subject to further longer-term performance measures which may reduce the vested amount further. These measures relate to financial, human, social and environmental capital and all require the position at the end of year one to have been maintained when it is measured again at the end of years three, four and five respectively. All payments are at the ultimate discretion of the Committee.	The performance measures in year one are described later in this report. The longer-term performance measures are designed to ensure that performance does not deteriorate after the in-year payment is made and to ensure that in year performance is not being enhanced to the detriment of the longer term. In addition to the performance measures set by the Committee, there is an underpin that the Committee must be satisfied that the financial and non-financial performance of the business over the performance period warrants the level of vesting.	Payments are subject to clawback in the event of misstatement of performance, errors in the assessment of performance conditions or misconduct.

Non-executive directors' policy table

Component of remuneration and how it supports the Yorkshire Water strategy	How does this operate and what is the maximum that may be paid?	What performance measures are used and why?	Are there any provisions to recover sums paid?
Fees Fees are set to provide competitive pay to enable us to attract and retain the right calibre of individual and the right balance of skills on the Board.	Fees are reviewed annually. Any increase will be guided by changes in market rates, time commitments and responsibility levels as well as by increases for the broader colleague population. The Chair is paid an all-encompassing fee to take account of all Board responsibilities. The other independent non-executive directors receive a base fee with additional fees paid for additional responsibility, such as the chairing of a committee or performing the role of the Senior Independent Director. In exceptional circumstances, if there is a temporary yet material increase in the time commitments for independent non-executive directors, the company may pay extra fees to recognise the additional workload. We reimburse our independent non-executive directors for any normal business-related expenses.	Performance is addressed through regular one-to-one meetings between the Chair and each independent non-executive director. The performance of the Chair is reviewed at one-to-one meetings between the Chair and the Senior Independent Director.	There are no provisions to recover any sums paid.

How does the remuneration policy for executive directors differ from that of other colleagues?

Overall, the remuneration policy set for the executive directors is more heavily weighted towards performance-related variable pay than for other colleagues. As such, a greater proportion of their remuneration is dependent upon the performance of the business.

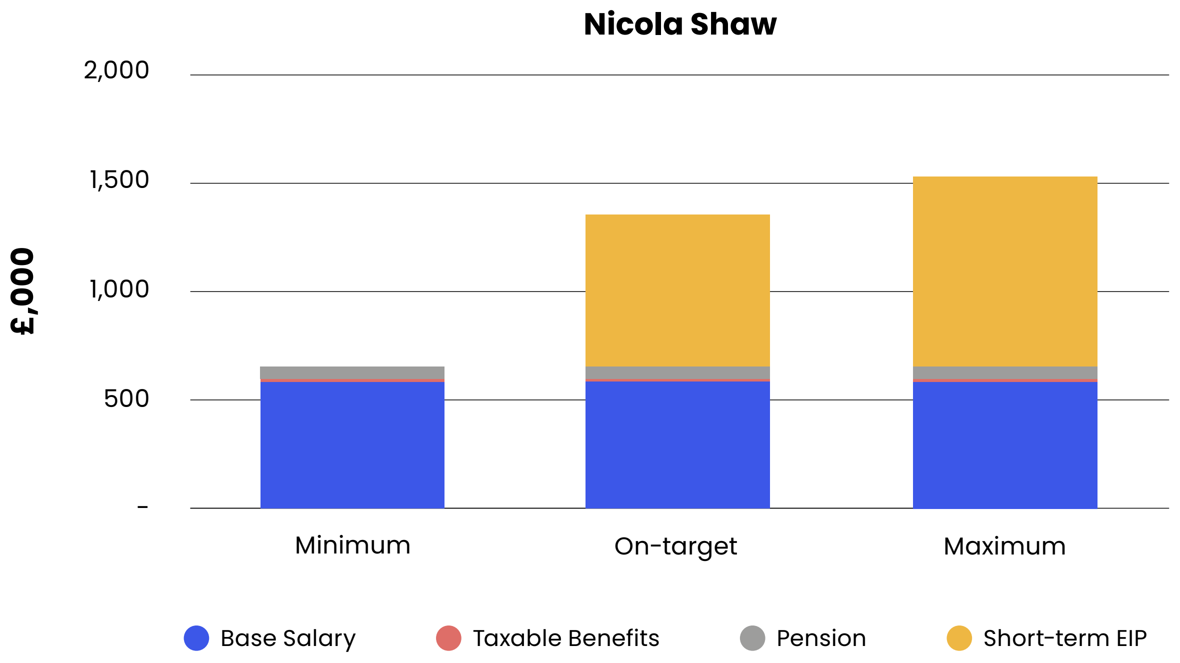
The key differences are noted in the table below:

Remuneration component	Difference
Base salary	Base salaries are reviewed in the same way for executive directors as for other senior colleagues, considering market rate information, internal reference points, individual performance, the scope of the role, the financial performance of the business and the average increases across the rest of the business. Most colleagues are covered by collective agreements which are negotiated based on our principles of affordability, fairness and transparency. The outcome of these negotiations is also taken into account when considering pay increases for more senior colleagues. We pay all colleagues, contract partners and service providers salaries at least equivalent to the voluntary real living wage.

Remuneration component	Difference
Benefits	An increasing level of benefits is offered to colleagues as their job level increases. Those offered to the executive directors are consistent with those offered to other senior colleagues, with a slightly higher car allowance offered to the Chief Executive.
Retirement benefits	All colleagues are entitled to pension contributions from Yorkshire Water. The amount contributed increases as the colleague contribution increases. The policy for executive directors is consistent with that for new colleagues across the business with a maximum company contribution of 10% of base salary.
EIP	Long-term incentive awards are made only to those individuals who are most able to directly influence the corporate strategy. Along with the executive directors, senior leaders are also invited to participate in the EIP. The performance measures and performance period are the same for all participants in the scheme. The level of award increases with seniority. Colleagues just below senior leader level participate in an annual bonus scheme with payments of up to ten or 15% of salary, dependent on role. All other colleagues participate in a bonus scheme which pays up to £1,000 per annum depending on company performance.

What might executive directors be paid in the coming year?

The charts below indicate how much the executive directors might receive under the remuneration policy from 1 April 2023 on a fixed, on-target and maximum basis.



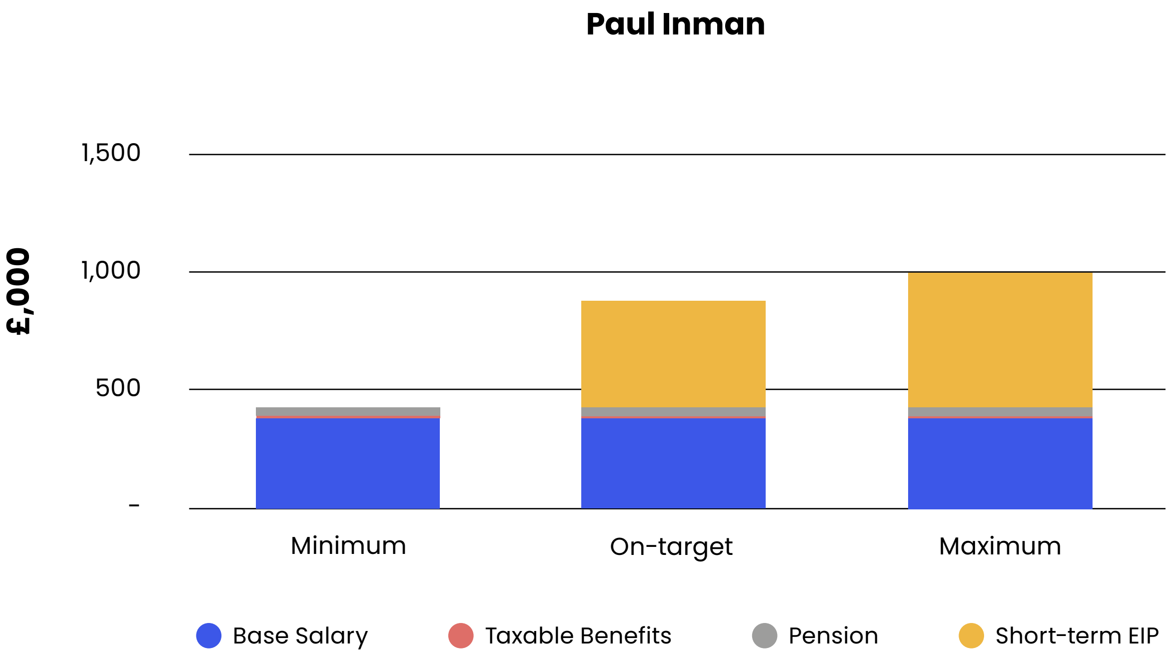


Chart assumptions

The different scenarios shown in the graphs are:

- **Minimum** – where performance is below threshold and executive directors receive fixed pay only with no vesting under the EIP. Fixed pay comprises base salary, benefits and retirement benefits;
- **On-target** – where executive directors receive their fixed pay plus an EIP on-target pay-out of 80% of the maximum opportunity for the short-term element vesting in 2024. Neither Nicola nor Paul were participants In the EIP scheme for which the long-term element is due to vest In 2024;
- **Maximum** – where performance meets or exceeds the maximum and the executive directors receive their fixed pay plus the maximum in-year vesting of the EIP.

It should be noted that the charts show what could be earned by the executive directors based on the 2024 remuneration policy and the numbers will therefore differ from those included in the table later in this report which details what was actually earned by the executive directors in the year to 31 March 2023.

Recruitment policy

The remuneration package for a new executive director is set in accordance with the remuneration policy in place at the time of appointment, considering the skills and experience of the individual, the market rate for a candidate of that experience and the importance of securing the relevant individual.

The table below sets out our policy on the recruitment of new permanent executive directors for each element of the remuneration package:

Remuneration component	Policy on recruitment
Base salary	The salary would be provided at such a level as required to attract the most appropriate candidate. The aim would be to pay the appropriate market rate for the role when benchmarked against other water companies, other utilities and listed companies of a similar size, in line with the current policy for existing executive directors. Where it is appropriate to set a lower salary initially, a series of increases above the level awarded to the wider workforce may be given over the following few years until the desired position is achieved, subject to individual performance. This may apply to those promoted internally in the business as well as to those recruited from outside.
Benefits	The benefits package we will offer will be set in line with the policy for existing executive directors. In addition to the benefits currently available to existing executive directors, we may also offer an allowance to cover relocation, travel and/or incidental expenses as appropriate.
Retirement benefits	The maximum pension contribution will be set in line with the policy for executive directors at up to 10% of base salary.
EIP	EIP awards will be made in line with the policy for other executive directors. In the year of recruitment an award may be made at a date outside of the usual annual awards, at the discretion of the Committee. Different performance measures may be set initially at the discretion of the Committee, depending on the point in the financial year at which the individual joins. The award made will be pro-rated to the period of employment, with both the in-year and deferred vesting amounts pro-rated accordingly.
Buy-outs	In addition to the above, we may also offer additional cash when we consider this to be in the best interests of shareholders and the business. Any such payments would be based solely on remuneration relinquished when leaving the former employer and would reflect, as far as possible, the nature and time horizons attaching to that remuneration and the impact of any performance conditions. Our policy on ‘buying-out’ of existing incentives granted by the executive’s previous employer will depend on the circumstances of recruitment and will be negotiated on a case-by-case basis. There will not be a presumption in favour of buy-out, but it will be considered if necessary to attract the right candidate.

In total, the maximum variable pay level in the year of appointment – excluding the value of any buy-out awards – will be 150% of base salary through the EIP award.

For an internal executive appointment, any variable pay element awarded in respect of the prior role would be allowed to pay out according to its terms, adjusted as appropriate to take into account the appointment. In addition, any other ongoing remuneration obligations existing prior to appointment would be allowed to continue.

The appointment of Paul Inman

Paul joined the Board as our new CFO on 1 March 2023. Paul joins the business at a time when significant change is required in a number of areas across the business. The Board believes Paul brings the skills and experience required to work with Nicola, our Chief Executive, to deliver the change needed. The role of CFO was benchmarked against similar roles in both the FTSE 250 and FTSE 100 to obtain a view of the appropriate market rate for the role, also taking into account Paul's experience and expertise.

The Committee concluded that the base salary to be offered to Paul should be £380,000, with a car allowance of £7,500 and the rest of the benefits and remuneration in line with that offered to our previous CFO, Chris Johns.

In leaving his previous role to join Yorkshire Water, Paul had to forfeit his participation in the annual incentive scheme and long-term incentive scheme offered by his previous employer, as well as losing share options available to him. The Committee agreed to exercise its discretion to compensate Paul for the losses he incurred upon his resignation from his previous role. This consists of £357,000 which was paid in March 2023 in relation to the annual incentive scheme of which Paul was a participant, a further £199,000 to be paid in September 2024 and £111,000 to be paid in March 2025 as compensation for lost options and Long Term Incentive Plan participation. These payments are all subject to Paul remaining in the employment of Yorkshire Water and not having given or received notice at the relevant dates.

Non-executive director recruitment

The fee structure for Independent Non-Executive Director appointments will be based on the Independent Non-Executive Director fee policy as set out in the policy table.

The appointment of Wendy Barnes

Wendy joined the Board as a new Independent Non-Executive Director on 1 November 2022 and immediately took up the role of Chair of the People and Remuneration Committee. In line with our remuneration policy, the Board agreed to pay Wendy £58,000 per annum for her role as a director and an additional £12,000 per annum for her role as a Committee Chair.

Wendy also agreed to Chair our new PR24 Committee with effect from 1 February 2023 and therefore will also receive an additional fee equivalent to £12,000 per annum for the duration of her time in this role.

Service contracts

Our policy is to set notice periods for executive directors at six months' notice from either party. The current service agreement dates are set out in the table below:

Director	Date of appointment	Date of current service agreement
Nicola Shaw	9 May 2022	6 April 2022
Paul Inman	1 March 2023	17 February 2023

Letters of appointment

Independent non-executive directors are appointed by letters of appointment for a period of two years. Appointments may be renewed by mutual agreement for further periods of up to two years subject to a total period of nine years' service with the company. The letters of appointment allow for termination by either party without a requirement for notice.

The appointment of the Chair is for a period of three years and may be renewed by mutual agreement for further periods of up to three years, subject to a total period of nine years' services with the company. The notice period is set at three months for either party.

The dates of the current letters of appointment are noted in the table below:

Director	Date of appointment	Date of current letter of appointment
Vanda Murray	1 July 2021	27 May 2021
Wendy Barnes	1 November 2022	14 October 2022
Andrew Merrick	1 June 2019	26 May 2023
Ray O'Toole	27 June 2014	26 May 2022
Julia Unwin	1 January 2017	2 January 2023
Andrew Wyllie	1 September 2017	6 July 2023

The following Non-Executive Director appointments were made in accordance with Clause 4 of the Shareholders Agreement dated 2010. This permits investors to appoint representatives to the company in accordance with their holdings.

Non-executive director	Appointed
Scott Auty	13 September 2017
Andrew Dench	13 September 2017
Russ Houlden	19 January 2022

Payments to executive directors who leave the business

The table below sets out our policy on payments in relation to executive directors who leave Yorkshire Water.

The Committee is clear that contractual entitlements will be honoured, there will be a consistent approach to exit payments and no reward for poor performance. We will not pay anything if an executive director is dismissed for serious breach of contract, serious misconduct or under-performance or for acts that bring the executive director or Yorkshire Water into serious disrepute.

Remuneration component	Treatment on exit
Base salary	Salary will be paid for the contractual notice period. Where appropriate, we will seek to mitigate any payments due, however the Committee has discretion to make a lump sum payment on termination in lieu of notice.
Benefits and retirement benefits	Benefits and retirement benefits will normally continue to be provided over the notice period. Where appropriate, we will seek to mitigate any payments due, however the Committee has discretion to make a lump sum payment on termination equal to the value of the benefits payable during the notice period.
EIP	Normally awards will lapse on cessation of employment, unless the Committee determines that the executive is a good leaver. Good leaver principles have been agreed by the Committee and status is usually conferred for one of the following reasons: death, ill health, injury or disability, a change of control, redundancy or other circumstances at the discretion of the Committee. Good leavers will be treated in accordance with the rules of the specific scheme. Colleagues leaving on the grounds of retirement will be considered on a case-by-case basis. Good leavers may request to receive payment of their outstanding EIP long-term elements in the July following their departure from the business, in exchange for a discretionary discount in recognition of the early settlement. Agreement to this is entirely at the discretion of the Committee.

In relation to a termination of employment, the Committee may make payments in relation to any statutory entitlement or payments to settle compromise claims as necessary. The Committee also retains the discretion to reimburse reasonable legal expenses incurred in relation to a termination of employment and to meet any transitional costs if deemed necessary. Payment may also be made in respect of accrued benefits, including untaken holiday entitlement.

Payments on a change of control, where a director’s employment is adversely changed, will be as on termination. There will be no enhanced provisions on a change of control.

The departure of Chris Johns

Chris Johns stepped down from the Board on 28 February 2023 and left the business on 14 April 2023. The Committee reviewed the pay arrangements for his departure and agreed that Chris would receive six months' base pay and benefits in lieu of notice, in accordance with his contractual entitlement. The Committee exercised discretion to pay this in one lump sum and this was paid in April 2023.

In addition, the Committee agreed that Chris should be treated as a good leaver in accordance with the rules of the EIP, this means that he would still receive the awards that remained outstanding at the date of his departure, but that these would be pro-rated to the date of his leaving. Chris had outstanding awards that would have fallen due in July 2024, July 2025 and July 2026. The Committee exercised its discretion to agree to pay these pro-rated awards early in July 2023, with adjustments being made to the amount falling due to reflect the forecast performance of these awards. This meant a discretionary discount of between 20% and 36% was applied to each outstanding award. Details of the amounts to be paid to Chris in July 2023 are shown later in this report.

The non-executive directors' letters of appointment do not include any compensation for loss of office.

Policy on outside appointments

We believe that where executive directors hold directorships in other companies, Yorkshire Water can benefit from their experience. As a result, and subject to the Board's prior approval, executive directors may take on one substantial external non-executive directorship and retain the fees earned.

Annual Report on Remuneration

This part of the Directors' Remuneration Report sets out the amounts we have paid to directors for the year ended 31 March 2023 and describes how the policy will be implemented in 2024.

The financial information contained in this part of the report has been audited where indicated.

Single total figure table (audited)

	Current directors				Past directors							
	Nicola Shaw[1]		Paul Inman[1]		Liz Barber[2]		Chris Johns[3]		Nevil Muncaster[4]		Total	
	2023 £000	2022 £000	2023 £000	2022 £000	2023 £000	2022 £000	2023 £000	2022 £000	2023 £000	2022 £000	2023 £000	2022 £000
Base salary	515	-	32	-	44	443	318	308	-	75	909	826
Taxable benefits[5]	11	-	1	-	1	9	9	9	-	3	22	21
Retirement benefits[6]	52	-	3	-	4	44	32	31	-	9	91	84
Sub-total	**578**	**-**	**36**	**-**	**49**	**496**	**359**	**348**	**-**	**87**	**1,022**	**931**
EIP – short term element	-	-	23	-	-	286	227	199	-	-	250	485
EIP – long-term element	-	-	-	-	-	-	62	-	-	-	62	-
EIP - discounted early settlement upon departure	-	-	-	-	-	393	259	-	-	-	259	393
LTIP	-	-	-	-	-	244	-	-	-	-	-	244
Sub-total	**-**	**-**	**23**	**-**	**-**	**923**	**548**	**199**	**-**	**-**	**571**	**1,122**
Relocation expenses	140	-	-	-	-	-	-	-	-	-	140	-
Buy-out payments[7]	-		357	-	-	-	-	-	-	-	357	-
Sub-total	**140**	**-**	**357**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**497**	**-**
Total	**718**	**-**	**416**	**-**	**49**	**1,419**	**907**	**547**	**-**	**87**	**2,090**	**2,053**

1. Nicola joined the Board on 9 May 2022 and Paul joined the Board on 1 March 2023. The payments in the table above reflect the payments made to Nicola and Paul since their appointments.

2. Liz Barber left the Board on 6 May 2022. She remained in the employment of the company until 31 December 2022. The table above shows only the amounts paid to her while she was a director of the company. Between 6 May 2022 and 31 December 2022 she received remuneration totalling £324,000.

3. Chris Johns left the Board on 28 February 2023. The payments in the table above reflect the payments made to Chris prior to his departure, plus the payment in lieu of notice made to him in April 2023 and the payments made to him in relation to his outstanding EIP awards in July 2023.

4. Nevil Muncaster left the Board on 31 July 2021. The payments in the table above reflect the payments made to Nevil prior to his departure. No payments have been made following his departure.

5. Taxable benefits for Nicola Shaw in 2023 include a one-off cost of £140,000 relating to relocation expenses towards her house move to Yorkshire.

6. Nicola Shaw, Paul Inman and Liz Barber all received their retirement benefits in cash during the year instead of opting for a contribution to the Kelda Stakeholder+ Plan. Chris Johns received a total cash sum of £29,128 (2022: £24,681) and a pension contribution of £2,648 (2022: £6,170).

7. Buy-out payments represent a payment of £357,000 paid to Paul Inman in March 2023 to compensate him for remuneration he forfeited upon his resignation from his previous role in order to join Yorkshire Water.

EIP

The EIP is a rolling five-year plan, with awards made with effect from 1 April each year. There are two elements to the scheme, a short-term element with a performance period of one year and a long-term element which is reduced at the end of the first year to the same amount that has vested for the short-term element. This is then carried forward and paid out in three equal instalments, subject to further performance criteria which may reduce the vesting further, in years three, four and five.

Awards will not vest unless the Committee is satisfied that the underlying financial and non-financial performance has been satisfactory over the performance period, considering any relevant factors. The Committee has authority to exercise its discretion to reduce the level of vesting to any extent considered appropriate. Any amounts that vest are paid in cash to participants in July of each year.

Vesting in 2023

The short-term element

Awards of up to 150% of base salary were made to executive directors on 1 April 2022. The performance period for the short-term element ran to 31 March 2023. The performance measures are focused on four key areas: customer, environment, people and financial.

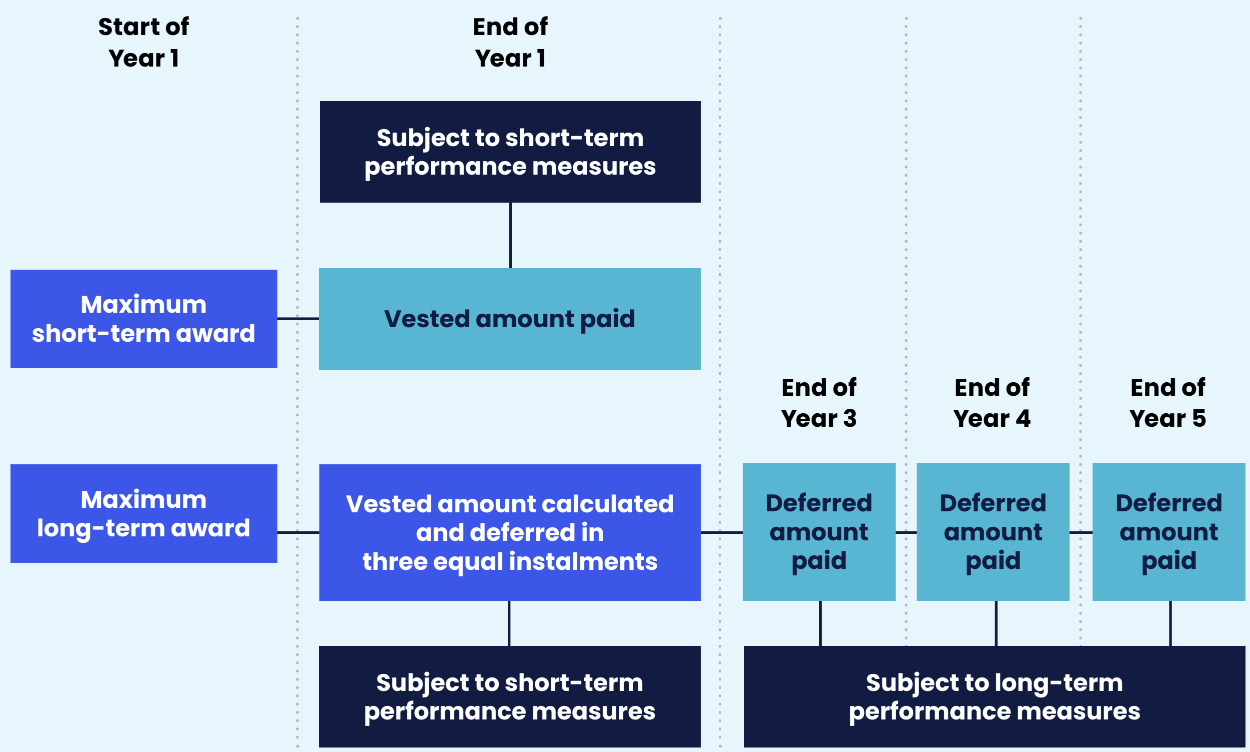
The specific performance targets are set out below, along with how the actual performance in the year compares.

The performance set out above indicates a total vesting of 47.6% for the short-term element of the EIP. This was reviewed by the Committee and agreed to accurately reflect performance in the year with areas of under-performance not being rewarded but areas of progression and strong performance receiving partial or full pay outs to recognise the efforts made by colleagues in these areas.

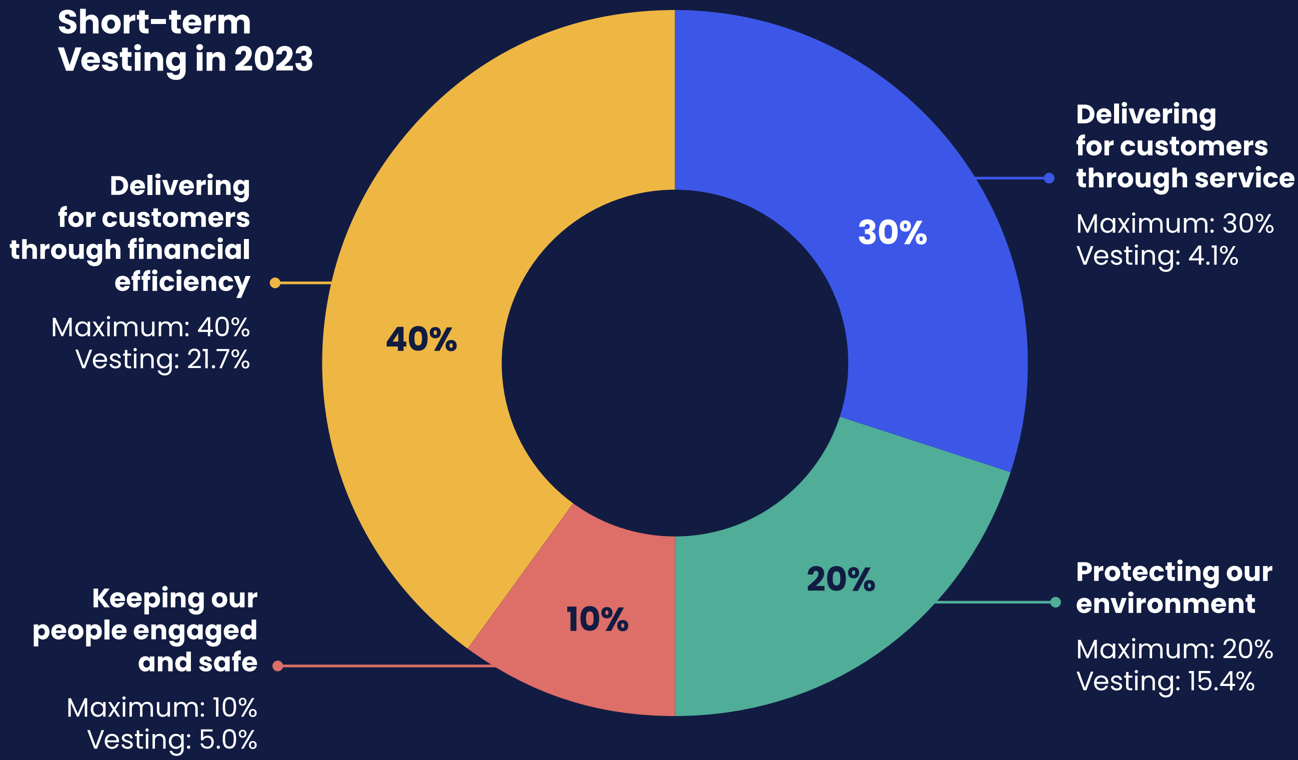
This vesting percentage is also applied to the long-term element of the awards made on 1 April 2022, so that now a maximum of 47.6% of the long-term element will vest in three equal instalments in 2025, 2026 and 2027. The further measures which will be applied to these long-term elements prior to vesting will be disclosed in the Remuneration Reports in 2025, 2026 and 2027.

The long-term element

The long-term EIP awards made to the executive directors on 1 April 2020 vested at 84.0% on 31 March 2021. These were then deferred to be paid in three equal instalments of in July 2023, July 2024 and July 2025, subject to further long-term performance criteria. The specific performance targets are set out below, along with how the actual performance in the three-year period to 31 March 2023 compares. This shows a total vesting of 59.0% of the amount brought forward.



Short-term Vesting in 2023



Delivering for customers through financial efficiency

	Target	Actual	Met
Management accounts EBITDA	£643m	£586m	🔴
Operating cash	£615m	£612m	🟡
Asset delivery capital expenditure	£538m	£521m	🟢

Keeping our people engaged and safe

	Target	Actual	Met
Colleague engagement rating	7.1	6.3	🔴
LTIR	0.300	0.150	🟢

Key

- 🔴 Performance does not meet the requirements for vesting for that measure.
- 🟡 The threshold for vesting has been triggered for that measure– this is usually set at approximately 90% of the target.
- 🟢 The target is met and 80% of the maximum award accrues for that measure. 100% only vests when the target is significantly exceeded.

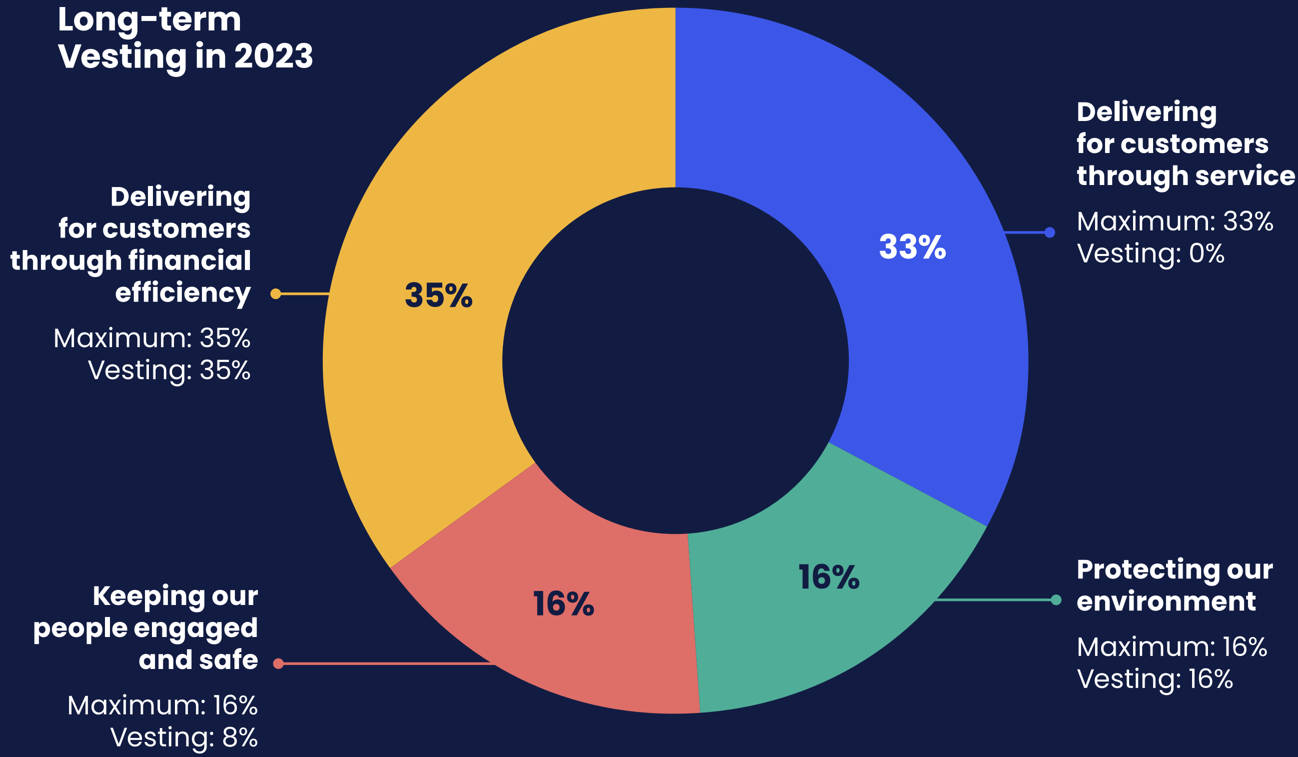
Delivering for customers through service

	Target	Actual	Met
C-MeX position	9th	11th	🔴
Supply interruptions	6.5 minutes	9.27 minutes	🔴
Water quality CRI	3.34	4.61	🔴
Internal sewer flooding	611 incidents	630 incidents	🟡
External sewer flooding	4,464 incidents	5,375 incidents	🔴
Significant water supply events	18 events	20 events	🟡

Protecting our environment

	Target	Actual	Met
Operational carbon	94,115 tonnes	90,323 tonnes	🟢
EPA rating	3*	3*	🟢
Leakage – three year average	285.7 ML/Day	285.2 ML/Day	🟢
Pollution incidents	122 incidents	117 incidents	🟢

Long-term Vesting in 2023



Delivering for customers through financial efficiency

	Met
No downward movement in credit ratings from 31 March 2021	

Keeping our people engaged and safe

	Target	Actual	Met
Colleague engagement rating	7.3	6.3	
LTIR	0.210	0.150	

Delivering for customers through service

	Target	Actual	Met
C-MeX position	9th	11th	
Accrued ODIs	£5m penalty	£22.7m penalty	

Protecting our environment

	Target	Actual	Met
Operational carbon	93,623 tonnes	90,323 tonnes	
EPA rating	3*	3*	

The performance set out above indicates a total vesting of 59.0% for the long-term element of the EIP awarded in 2020 and deferred to 2023. This vesting calculation was reviewed by the Committee and deemed to be in line with the performance of the business in the performance period, rewarding those areas where performance had been strengthened and not rewarding areas of under-performance. Applying this vesting percentage to the 84.0% vesting already applied to the deferred vesting indicates that 49.6% of the maximum vested for this long-term element of the scheme.

How do we choose the measures?

All of the measures chosen by the Committee for the short-term and long-term elements of the scheme are carefully selected to ensure that the schemes drive the right behaviour amongst our senior executives and align with the needs of the business and those of our key stakeholders. Financial measures are selected as the business needs to be run efficiently to ensure that we are not wasting customer money and that we are maximising the money available for investment to protect the business in the longer-term. Measures relating to customers, people, and the environment align directly with the needs of our key stakeholders and the requirements of our regulator, Ofwat.

Why are there different measures for different parts of the scheme?

We set both the short-term and long-term measures which we believe will most closely align to the requirements of the business and our stakeholders over the performance period in question. As can be seen from the short-term measures and long-term measures vesting in 2023, these are broadly in the same areas as each other but with slightly different weightings and emphasis depending on the specific needs of the business at the time the measures are set.

The short-term measures that have been set for the awards made on 1 April 2023 will be disclosed in the Remuneration Report in 2024 and the long-term measures will be disclosed in 2026, 2027 and 2028 as each long-term element is due to vest.

Outstanding EIP awards as at 31 March 2023

The table below relates to the long-term elements of the EIP:

	Nicola Shaw	Paul Inman		Past director Chris Johns[1]	
Effective date of award	09.05.2022	01.03.2023	01.06.2020	01.04.2021	01.04.2022
Awards outstanding at 1 April 2022 £000	-	-	315	199	-
Awards made in the year £000	367	23	-	-	227
Vested during the year £000	-	-	160	90	71
Lapsed or waived during the year £000	-	-	155	109	156
Awards outstanding at 31 March 2023 £000	367	23	-	-	-
Face value of maximum total award £000	367	23	315	199	227
Total % that would vest at threshold performance %	20%	20%	20%	20%	20%

1. As mentioned above, the Committee approved that Chris Johns should receive the outstanding elements of his EIP awards early. These will be paid In July 2023 and the figures above reflect the pro-rating to the date of his leaving the business on 14 April 2023 and the discount applied in exchange for early settlement, which has been calculated based on forecast performance.

Payments for loss of office (audited)

No payments have been made for loss of office during the year under review.

Payments to past directors (audited)

No payments were made to past directors during the year.

Independent non-executive directors

Single total figure table (audited)

The total annual fees paid to each non-executive director are shown below.

Non-executive director	2023 £000	2022 £000
Vanda Murray[1]	283	206
Wendy Barnes[2]	29	–
Andrew Merrick	70	60
Raymond O'Toole[4]	63	70
Julia Unwin[5]	74	60
Andrew Wyllie[4]	74	60
Past director		
Anthony Rabin[3]	–	115

1. Vanda Murray joined the Board on 1 July 2021 and therefore her fee was pro-rated from that date.

2. Wendy Barnes joined the Board on 1 November 2022 and therefore her fee was pro-rated from that date.

3. Anthony Rabin retired from the Board on 1 September 2021 and therefore his fee is pro-rated to that date.

4. Ray O'Toole was the Senior Independent Director and Chair of the People and Remuneration Committee until 28 June 2022 and therefore received additional fees for these roles, pro-rated to that date. Andrew Wyllie was then appointed as Senior Independent Director with effect from 1 November 2022 and received an additional fee from that date.

5. Julia Unwin received an additional fee for her role as Interim Chair of the People and Remuneration Committee for the period from 1 July 2022 to 31 October 2022.

The investor directors do not receive any remuneration from Yorkshire Water.

Remuneration of the CEO

The table below sets out the remuneration for our CEO in each of the last ten years. If there was a change of CEO part way through the year, we have added together the total remuneration for both to show the total paid for the role of CEO in that year.

	2023 £000	2022 £000	2021 £000	2020 £000	2019 £000	2018 £000	2017 £000	2016 £000	2015 £000	2014 £000
Total remuneration	767	1,419	1,316	1,469	1,328	932	1,328	1,231	1,291	861
Annual bonus paid against maximum opportunity[1]	-	43.0%	84.0%	74.8%	64.6%	67.7%	73.5%	60.0%	87.0%	80.0%
Long-term incentive vesting against maximum opportunity[2]	-	39.5%	45.3%	74.8%	50.0%	-	50.0%	50.0%	75.0%	-

1. As reported earlier in this report our CEO, Nicola Shaw, waived her annual bonus for the year ended 31 March 2023. The amount that vested was 47.9% of the maximum, equivalent to £369,000, but this will not be paid.

2. Nicola Shaw joined the business in May 2022 and therefore did not participate in a long-term incentive scheme vesting in 2023.

Chief Executive Officer pay ratio

The table below shows the pay ratio of our Chief Executive in the year indicated as required by the Companies (Miscellaneous Reporting) Regulations 2018.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2023	Option A	25:1	19:1	15:1
2022 (Restated)	Option A	34:1	27:1	20:1

The 2022 ratios have been restated to include the early settlement of the outstanding EIP balances paid to Liz Barber in July 2022, which were disclosed in the report last year but omitted from the pay ratio calculations in error. The ratios disclosed in 2022 were 34:1, 27:1 and 20:1 respectively for the 25th percentile pay ratio, median pay ratio and 75th percentile pay ratio.

We have chosen Option A to prepare the calculations as this is considered to be the most statistically accurate methodology and aligns with the approach taken last year. The ratios were calculated with reference to the total pay and benefits of the workforce presented in the table below and the single total remuneration of the CEO presented in the Single Total Figure Table. The following was considered as part of the calculation:

- Identifying all colleagues who received a base salary during the year ended 31 March 2023 and who were still employed on that date;
- Using the total pay and benefits received in respect of the year ended 31 March 2023, including bonuses earned for performance in the financial year and paid in July following the end of the financial year;
- Uplifting certain pay elements for colleagues who were employed on a part-time basis or who were not employed for the full financial year;
- Taking into account any changes in working hours during the reporting period and adjusting relevant pay elements accordingly; and
- Using the employer contribution to the defined benefit pension schemes in order to reduce administrative complexity.

Our CEO has a significant proportion of her remuneration linked to variable pay and therefore it is expected that the ratios will vary each year depending on the outcome of the EIP. Participation in the EIP is currently limited to approximately 45 colleagues, with none of the individuals identified as the 25th percentile, median or 75th percentile participating in the EIP.

The figures reported are calculated using the total remuneration for the role of CEO in the relevant performance year. As we have had a change of CEO during the year under review, the calculations have been made using the combined total earnings for both CEOs in the year.

The 2023 pay ratio data represents a decrease in our pay ratio for the fourth consecutive year. The reduction this year is due to the decision made by Nicola Shaw to waive her short-term EIP payment for the year ending 31 March 2023.

We are mindful of the inflationary pressures that continue to impact our workforce and are committed to paying our colleagues in accordance with the Real Living Wage. We conduct an annual salary review that is underpinned by market benchmarking to ensure we offer competitive and fair rates of pay across the organisation. Presented in the table below are the base salary and the total pay and benefits for those colleagues at the 25th percentile, the median and the 75th percentile:

	25th percentile	Median	75th percentile
Base salary	28,339	26,009	31,297
Total pay and benefits	30,906	39,510	51,201

The pay ratio calculation shows that, in total remuneration terms, the CEO earns 19 times (2022: 37 times) that of the median employee. These calculations have been independently verified by Ernst and Young.

We have a whole range of policies and practices to ensure that colleagues are fairly rewarded. We also conduct an annual salary review that is underpinned by market benchmarking to ensure competitive and fair rates of pay are offered throughout the organisation.

Change in remuneration

The table below sets out the change in the remuneration of the CEO from the prior year in comparison to the average percentage change in respect of all colleagues at Yorkshire Water. Due to the change of Chief Executive in the year, we have taken the remuneration of Nicola Shaw as at 31 March 2023 and compared it to the remuneration of Liz Barber as at 31 March 2022 to calculate the movements:

	% change in element between 2022 and 2023		
	Salary	Taxable benefits[1]	Annual bonus
CEO	45.9% decrease	33.3% increase	100.0% decrease
All colleagues	5.0% increase	No change	15.4% decrease

1. Taxable benefits include healthcare, car allowance and fuel provision for colleagues who receive such benefits.

The salary has been calculated by looking at colleagues in the same role on 31 March 2023 and as at 31 March 2022 and calculating the change in salary between those two dates.

The increase in salary for the CEO reflects the change of CEO in the year and the increased salary offered to Nicola Shaw in comparison to Liz Barber, to reflect the particular experience and expertise that Nicola brings to the role. This was set out in more detail in our Remuneration Report in 2022. In addition Nicola receives a higher car allowance than Liz previously received, which is the reason for the increase in taxable benefits in the year.

The decrease in annual bonus for the CEO reflects the fact that Nicola has waived her bonus entitlement for the year ended 31 March 2023 as noted earlier in this report.

Relative spend on pay

The table below sets out the relative spend on pay for Yorkshire Water as a whole in comparison to distributions to shareholders:

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m	Percentage change %
Total remuneration cost for all colleagues[1]	189.4	188.4	0.5% increase
Total distributions made[2]	62.2	52.6	18.3% increase

Details of the distributions made can be found in note 8 to the accounts and these are also explained further in our Governance section, within the ARFS.

1. The total remuneration cost for all colleagues is taken from note 4 to the Financial Statements, within the ARFS, and includes wages and salaries, social security costs and other pension costs. The cost shown includes the impact of a reduction in headcount following a strategic review of business processes during 2023 as detailed in Our financial performance.

2. Total distributions made consists of £62.2m (2022: £52.6m) of distributions made to the parent company to make interest and loan payments. As noted in the Other disclosures section within the ARFS, none of these dividends were distributed to the shareholders of Kelda Holdings Limited (2022: £nil), Yorkshire Water's ultimate parent company.

Implementation of policy for 2024

The table below sets out how we will implement the remuneration policy for the 2024 financial year:

	Implementation in 2024
Base salary	The Committee reviewed base salaries in June 2023 and agreed an increase of 2% for Nicola Shaw to align with the increase given to other senior leaders with effect from 1 April 2023. The base salaries for 2024 are therefore as follows: • Nicola Shaw: £585,480 • Paul Inman: £380,000
Benefits	Benefits remain unchanged from 2023.
Retirement benefits	Retirement benefits remain unchanged from 2023.
EIP	EIP awards made with effect from 1 April 2023 are equivalent to a maximum of 150% of base salary for both executive directors for the short-term element and 150% of base salary for the long-term element, with the long-term element potentially vesting in equal instalments in years three, four and five subject to further performance conditions. Further information on performance conditions is shown earlier in this section.

Non-executive directors

The Board undertook its annual review of fees for the independent non-executive directors in July 2023, taking into account the average increase for the wider workforce of 7.3% and the increase for senior leaders of 2.0%. It decided that the same increase of 2.0% should be applied to the base fee for independent non-executive directors and for the Chair, effective from 1 April 2023.
The fees to be paid in 2024 are set out below:

	£000
Chair fee	289
Base independent non-executive director fee	59
Additional fee for Committee Chair[1]	12
Additional fee for Senior Independent Director	10

1. The additional fee for the role of Committee Chair is not paid to the Chair for her role as Nomination Committee Chair. The fee paid to Vanda as Chair already encompasses her additional role as Committee Chair.

People and Remuneration Committee

The membership and attendance at Committee meetings during the year is shown in the table in *Leadership* within the *Governance* section, within the ARFS. Meetings are also attended by the CEO, the Chief People Officer, the Head of Reward and the Company Secretary. No colleagues are present when their own reward is discussed. The People and Remuneration Committee is a sub-committee of the Board and has four scheduled meetings a year. Additional meetings are held as and when required. The specific matters considered by the Committee at each of the meetings are shown in the table below:

Meeting	Matters considered
May 2022	• A detailed discussion and conclusion on the variable pay outcomes that were due to vest in 2022. • A review of the measures for the EIP award in 2022. • The granting of good leaver status for a senior colleague who was part of the EIP. • Approval of the updated terms of reference for the Committee. • Review of the draft Remuneration Report for 2022.
September 2022	• Approval of the proposed performance measures for the EIP scheme awarded in 2022. • Review of the long-term performance measures for the EIP scheme awarded in 2021 for the elements due to vest in 2023 to 2025. • A discussion around the appropriate treatment of extreme weather costs in the calculation of vesting of the EIP. • Consideration of the approach to the upcoming pay negotiations in the business.
January 2023	• A discussion around the EIP, focusing on the long-term performance measures, the appropriate use of discretion, the balance of measures and whether the scheme remained fit for purpose. • An update on the ongoing pay negotiations in the business. • The results of the Yorkshire Water Voice survey and the actions arising from the feedback raised. • An update on the approach to equality, diversity and inclusion across the business.
March 2023	• An update on the pay negotiation process in the business. • A review of the gender pay gap data due to be published externally. • An update and discussion around forecast variable pay outcomes that were due to vest in 2023. • A detailed discussion around the future of the EIP and whether any changes were required to the scheme to ensure it remained aligned to the needs of the business and key stakeholders.

During the year under review, the Committee received remuneration advice from Willis Towers Watson. Willis Towers Watson received fees of £9,600 for their updates on the remuneration market and benchmarking data in relation to executive director and senior management roles. Willis Towers Watson also provided insurance broker services to the business until September 2022. They are signatories to the Remuneration Consultants Group Code of Conduct and the Committee has reviewed the way in which they operate and their relationships with the business and is satisfied that the advice it receives is independent and objective.

During the year an internally facilitated evaluation was undertaken of the Board and all of its committees. The feedback on the People and Remuneration Committee showed it to be continuing to operate effectively.

In accordance with its terms of reference, the Committee is responsible for:

- Setting the remuneration policy for all executive directors and senior executives, considering relevant legal and statutory requirements, the UK Corporate Governance Code and associated guidance, having regard to pay and employment conditions across the business;
- Considering the clarity, simplicity, risk, predictability, proportionality and alignment to purpose, values, strategy and culture of the remuneration policy;
- Reviewing the design of all long-term incentive plans for approval by the Board;
- Considering succession planning for directors and other senior executives, taking into account the challenges and opportunities facing the business, the skills and expertise needed in the future and the need for the development of a diverse group of colleagues for succession;
- Overseeing any remuneration paid to leavers from amongst the executive directors and senior executives, and consideration of the reasons for departure by any senior employee;
- Appointing remuneration consultants to provide reports, surveys or information deemed necessary to assist with the setting of an appropriate remuneration policy;
- Considering reports on diversity and inclusion across the business and overseeing any actions required in these areas and the initiatives in place to promote a diverse and inclusive workforce at every level of the organisation;
- Receiving reports on the performance and development of the executive directors and senior executives; and
- Considering the culture of the organisation and whether this aligns to the desired culture set by the Board.

Copies of the Terms of Reference are available from the Company Secretary or on our website, yorkshirewater.com

Consideration of shareholders' views

The presence of three directors representing shareholders on the Board of Yorkshire Water enables a direct flow of communication and sharing of views by shareholders to the Board. All three investor directors also sit on the People and Remuneration Committee.

Signed by order of the Board

K H Smith

Kathy Smith
Company Secretary
14 July 2023

Long-term viability statement

We publish our long-term viability statement in our Annual Reports and Financial Statements (ARFS) on page 78 and this is published simultaneously with this Annual Performance Report. Information on how we identify and manage our risks is also included in our ARFS on page 73. Click here to view our ARFS on our reports webpage: yorkshirewater.com/reports

7. Transactions with associates and the non-appointed business

Loans by or to the appointee

The following points detail Yorkshire Water's transactions with associated companies and its non-appointed business.

Loans between Yorkshire Water and its subsidiaries

The following wholly owned subsidiary companies have on-lent to Yorkshire Water sums raised from the issue of corporate debt. They are both registered in England and Wales and have their registered office at Western House, Halifax Road, Bradford BD6 2SZ:

1. Yorkshire Water Finance plc (YWF)

YWF is a public limited company (registered number 11444372).

As part of a re-organisation that took place in the 2018/19 financial year, YWF was substituted as the issuer on approximately £3bn of listed bonds and private notes that had been originally issued by Cayman Island incorporated companies (being Yorkshire Water Services Odsal Finance Limited and Yorkshire Water Services Bradford Finance Limited respectively – both of which have now been liquidated).

It is intended that YWF will conduct all future public bond financings that will be on-lent to (and guaranteed by) Yorkshire Water. Finance raised will fund, amongst other things, Yorkshire Water's extensive regulated capital programme and ongoing operating expenditure.

2. Yorkshire Water Services Finance Limited (YWSF)

YWSF is a private company incorporated with limited liability (registered number 04636719).

YWSF is the issuer of legacy bonds that have been on-lent to (and guaranteed by) Yorkshire Water. However, YWSF has not issued any bonds since 2007/08 and will not issue any bonds in the future, as all new bonds will be issued by YWF.

As at 31 March 2023 Yorkshire Water has guaranteed the following bonds and private notes issued by its subsidiaries:

As at 31 March 2023 Yorkshire Water has guaranteed the following bonds and private notes issued by its subsidiaries:

	Nominal £m	Coupon %	Maturity Date Year	Liability at 31 March 2023 £m
Fixed Rate				
Yorkshire Water Services Finance Limited	7.400	5.500	2027	6.976
Yorkshire Water Services Finance Limited	200.000	5.500	2037	196.167
Yorkshire Water Finance Plc	94.300	3.870	2023	119.092
Yorkshire Water Finance Plc	33.800	5.875	2033	27.082
Yorkshire Water Finance Plc	18.800	3.870	2024	23.775
Yorkshire Water Finance Plc	300.000	1.750	2026	299.058
Yorkshire Water Finance Plc	135.500	6.454	2027	135.395
Yorkshire Water Finance Plc	60.000	2.030	2028	59.857
Yorkshire Water Finance Plc	250.000	3.625	2029	221.026
Yorkshire Water Finance Plc	90.000	3.540	2029	83.861
Yorkshire Water Finance Plc	250.000	5.250	2030	247.081
Yorkshire Water Finance Plc	255.000	6.601	2031	254.788
Yorkshire Water Finance Plc	50.000	2.140	2031	49.848
Yorkshire Water Finance Plc	350.000	1.750	2032	345.102
Yorkshire Water Finance Plc	90.000	4.965	2033	83.345
Yorkshire Water Finance Plc	50.000	2.210	2033	49.833
Yorkshire Water Finance Plc	250.000	5.500	2035	247.362
Yorkshire Water Finance Plc	40.000	2.300	2036	39.854
Yorkshire Water Finance Plc	50.000	2.300	2036	49.817
Yorkshire Water Finance Plc	300.000	6.375	2039	302.069
Yorkshire Water Finance Plc	450.000	2.750	2041	445.230
Total fixed rate				**3,286.618**
Yorkshire Water Services Finance Limited	65.000	1.823	2050	114.064
Yorkshire Water Services Finance Limited	125.000	1.462	2051	225.411
Yorkshire Water Services Finance Limited	85.000	1.758	2054	149.372
Yorkshire Water Services Finance Limited	125.000	1.460	2056	225.358
Yorkshire Water Services Finance Limited	100.000	1.709	2058	175.446
Yorkshire Water Finance Plc	127.800	3.307	2033	202.979
Yorkshire Water Finance Plc	260.000	2.718	2039	449.077
Yorkshire Water Finance Plc	50.000	2.160	2041	75.495
Yorkshire Water Finance Plc	50.000	1.803	2042	74.683
Total inflation linked				**1,691.885**

Loans between Yorkshire Water and its parent companies

Loans between Yorkshire Water and its parent companies are as follows:

1. Loan 1 from Yorkshire Water to Kelda Eurobond Co Limited. A long-term loan was made by Yorkshire Water during 2008/2009 to reflect the market value of certain inflation linked swaps that were novated to Yorkshire Water at that point in time. During the year ended 31 March 2015 a legal entity reduction exercise removed a number of surplus companies within the Kelda Group that included the removal of Kelda Holdco Limited. As a result, the counterparty for this loan was moved from Kelda Holdco Limited to Kelda Eurobond Co Limited on the same terms as the original loan.

As at 31 March 2023 the balance outstanding on this loan was £195.1m (2022: £199.2m). The outstanding amount has reduced during the financial year due to the annual repayment of £4.1m of principal of the loan. Interest on this loan is payable at market rates.

2. Loan 2 from Yorkshire Water to Kelda Eurobond Co Limited. A long-term loan was made by Yorkshire Water to Kelda Holdco Limited during 2009/2010 to enable the refinancing of acquisition debt held by Kelda Holdco Limited at that time. During the year ended 31 March 2015 a legal entity reduction exercise removed a number of surplus companies within the Kelda Group that included the removal of Kelda Holdco Limited. As a result, the counterparty for this loan was moved from Kelda Holdco Limited to Kelda Eurobond Co Limited on the same terms as the original loan.

As at 31 March 2023 the balance outstanding on this loan was £742.1m (2022: £742.1m).

A repayment profile is in place for the repayment of the loans to Kelda Eurobond Co Limited.
It was agreed the loans will be repaid by June 2027 on the following basis: at least £300m by the end of in June 2023, at least £200m by the end of June 2025; and the balance of the loans by the end of March 2027.

Dividends paid to any associated company

The dividend policy is to:

- Determine a base dividend from a set yield applied to regulatory equity derived by reference to the company's actual capital structure.
- Adjust this base dividend to reflect and recognise in-the-round company performance, particularly performance against relevant targets set in the determination of price limits; the continuing need for reinvestment of profits in the business and the funding of employee interests;
- Ensure there are sufficient profits available for distribution in the foreseeable future and the company remains financially resilient, following the payment of a dividend, when considering the undertakings and financial covenants that are part of Yorkshire Water's financing arrangements.

When approving dividends to be paid in a financial year, the Board assesses both company performance to date and that expected for the whole of an AMP to determine the total dividends that could be paid for the whole AMP. As such, dividend payments are considered within the longer-term context of the business and not just on the basis of the last 12 months, and explicitly considers the ability of the business to be able to deliver into the future.

For the 2023 financial year the Board considered and agreed a number of clarifications to the application of the dividend policy given recent Ofwat guidance on financial resilience.

Prior to approval of any dividends the Board considered a number of factors, including but not limited to: delivery of PCs that incorporate incentive-based rewards and penalties; circumstances where performance has exceeded or not met targets, customer service, or environmental performance; and the ability to maintain financial resilience.

Taking all of the above into account, the Board considers that a reduction to the base dividend in respect of performance in 2022/2023 and expected across AMP7 as a whole is appropriate. Reflecting this performance adjustment against the base yield, total dividends of £62.3m were paid in the year (2022: £52.6m) which represents a total dividend yield of 2.4% compared to a regulatory base yield of 4%. This provides a broadly consistent dividend with the two prior years of this AMP where dividend yield has averaged 2.6%.

None of these dividends were paid to the shareholders of Kelda Holdings Limited (2022: £nil), Yorkshire Water's ultimate parent company, as they continue to support the company's financial resilience.

These dividends included distributions of £22.0m (2022: £29.4m) that did not impact the company's liquidity position or its distributable reserves as they were returned immediately to the company in the form of interest receipts on intercompany loans. No dividends have been proposed post year end in relation to 2023 (2022: £nil).

Guarantees or other forms of security by the appointee

Certain bank accounts held by Yorkshire Water and its subsidiary, YWSF, form a pooling arrangement, whereby the balances on accounts are offset with each other. This facility is subject to provision of a cross guarantee between Yorkshire Water and YWSF whereby each company guarantees the current account liabilities of applicable bank accounts held by the other. This pooling arrangement has a net overdraft limit of £5.0m.

As disclosed above, Yorkshire Water has also guaranteed bonds and private notes issued by its subsidiaries.

Transfer of any corporation tax group losses by or to the appointee

Corporation tax group relief received by regulated business £m	**Associate surrendering the group relief**	**Turnover of the associate** £m	**A statement of the means by which the payment for the group relief has been established**	**Value of group relief** £m
(9.047)	Kelda Eurobond Co Limited	nil	Reduction in group relief received in relation to prior years. Reduced payment reflected at the prevailing corporation tax rate	(1.719)
(0.718)	Kelda Group Limited	10.401	Reduction in group relief received in relation to prior years. Reduced payment reflected at the prevailing corporation tax rate	(0.136)
(9.765)				**(1.855)**

Supply of any service by or to the appointee

A significant proportion of the activities identified within retail (household and non-household) are performed by separate companies, Loop and Three Sixty, both of which are UK based companies. All the costs associated with these contracts are charged to Yorkshire Water via an annual contract fee. Yorkshire Water, Loop and Three Sixty companies are wholly owned subsidiaries of Kelda Group Limited.

In April 2016 Yorkshire Water entered into an outsource agreement with Three Sixty. This contract was in preparation of the market opening for non-household (NHH) customers in the following April 2017 and created an arm's length agreement between retail and wholesale. This contract was agreed on a fixed price fee with the value derived from the final determination, it included an element of management fee for Three Sixty. Three Sixty continued to use Loop's customer service function to fulfil Yorkshire Water's requirements and formed a separate contract with Loop to do this. As part of the group strategy to focus on wholesale and household retail activities the sale of the non-household retail customer base was completed in 2019. As a result of the sale concluding the non-regulated turnover for Three Sixty is now shown as zero.

Yorkshire Water receives supply of services from associates within the Kelda Group. These charges are for corporate functions including teams such as Finance, Internal Audit and transport management.

The below table shows the services received by the regulated company in accordance with the threshold of 0.5% appointed turnover or greater than £100k.

Services received by regulated business	Associate Company (providing service)	Turnover of the associate £m	Terms of supply	Value of service received by regulated business £m
Corporate charges	Kelda Group Limited	10.401	Cost allocation	9.612
Customer services (HH)	Loop Customer Management Limited	27.895	Cost allocation	25.513
Property services	Keyland	7.161	Cost allocation	0.000
Transport Management	KTML	1.737	Management charge	1.737

Yorkshire Water also charges Kelda Group/ associates for any support service function activity this includes functions such as IT, facilities, and other various common services within the Group. The cost and revenues associated with this is allocated to non-appointed and follows RAG 5 guidelines.

The strategic decision by the company's parent company to seek of disposal of non-regulated businesses, with most of the companies sold in previous reporting years (2017/2018 & 2018/2019).

The table below shows these recharges.

Services received by regulated business	Associate Company (providing service)	Turnover of the associate £m	Terms of supply	Value of service received by regulated business £m
	Kelda Group Limited	10.401	Cost allocation	0.945
	Loop Customer Management Limited	27.895	Cost allocation	1.083

Omission by the appointee or any associated company to exercise a right as a result of which the value of the net assets of the appointee is decreased

We have nothing to report against this for 2022/2023.

Waiver of any consideration, remuneration or other payment by the appointee

We have nothing to report against this for 2022/2023.

Transfer of any asset or liability by or to the appointee

We have nothing to report against this for 2022/2023.

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Thank you for reading

Yorkshire Water Services Limited,
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Registered in England and Wales No.02366682

YorkshireWater