

This is the Yorkshire Forum for Water Customers

PR24 Statement





Report Writer

The Forum's report was prepared and written by Paul Chapman, a former employee of Yorkshire Water with experience in customer research and engagement. The Forum was satisfied that he was not compromised by his previous employment and of his independence and integrity. The decision to appoint him was made solely by Forum members and not by Yorkshire Water, based on Paul's ability to write for a customer-facing audience, and was unanimous. Forum members have commented on various drafts of the report which was then edited by the Independent Chair.

Contact Us

If you would like to discuss the topics covered in this report with the Forum or require further information, please email theforum@yorkshirewater.co.uk or visit <https://www.yorkshirewater.com/about-us/yorkshire-forum-for-water-customers/>

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This is the Statement from the Chair



This is the continued Statement from the Chair

In preparation for the next price review, the Yorkshire Forum for Water Customers (Forum) has challenged Yorkshire Water on behalf of Ofwat to ensure its business plan fairly reflects customers' views gained from quality customer engagement and that it is delivering on its performance commitments for the period 2025 to 2030. The research, partly developed by Ofwat, and undertaken by Yorkshire Water, has focussed on customers' immediate and long-term priorities, affordability, and willingness to pay, as well as determining the level of acceptability for the final plan. The Forum has been engaged throughout these developments and discussions, providing continuous scrutiny and challenge.

The Yorkshire and the Humber region has faced significant political, social, economic, and operational challenges since the last price review in 2019, which have impacted negatively on the perceptions of the water industry by customers and stakeholders, both regionally and nationally. These events include the COVID-19 pandemic in 2020, water shortages in 2022, the current cost-of-living crisis, and ongoing concerns about river water pollution, all of which have led to increased scrutiny from the media, regulators and customers. More recently these have resulted in commentary on the financial resilience of the sector. The Forum continues to challenge Yorkshire Water in achieving a high level of performance whilst being mindful of the potential bill impacts on customers from addressing the company's contribution to these problems.

Despite the operational challenges faced by Yorkshire Water, the Forum has been encouraged by the company's response to the ongoing cost-of-living crisis; particularly with regard to the steps taken to increase the eligibility for its WaterSupport and WaterSure schemes. Whilst these are a step in the right direction, the Forum feels that more could be done to support greater numbers of customers in need and that a national social tariff would be a better solution.

The Forum has also challenged Yorkshire Water on enhancing its communication and engagement with customers and stakeholders. Transparently sharing information about the steps being taken to mitigate the impact of external events, such as water shortages, and pollution concerns, can help to rebuild trust.

To better understand the needs of this diverse region, the Forum has been actively involved in challenging and supporting Yorkshire Water in its ongoing customer insight and engagement activity. The Forum believe engagement should be ongoing and not undertaken specifically for the price review process, and that it should inform day to day business decisions, which protect customers from service failures or financial distress.



The Forum continually challenged Yorkshire Water to engage with a representative sample of the region's population to ensure insight and feedback has been both robust and legitimate.

Yorkshire Water has continued to undertake a programme of customer engagement activity which has explored, tested and evaluated the key themes of Ofwat's business planning framework – customer service, affordability, resilience and long-term planning – from multiple perspectives across its diverse customer and stakeholder base. However, the Forum recognise that the research programme is not as extensive as that of previous price reviews due to the introduction of the Ofwat/CCW industry collaborative research programme. The Forum challenged Yorkshire Water to ensure that the research programme remained accessible and inclusive to all customers. The company responded positively to these challenges for example, ensuring that views from customers in marginalised communities were represented in the research.

From the outset, Yorkshire Water has regularly engaged the Forum on progress with the development of the prescribed research methodology set out by Ofwat. Both Yorkshire Water and the Forum raised concerns as to the approach since Ofwat were prescriptive about the complexity of both design and execution. Yorkshire Water has consistently produced high quality research to support previous price reviews and only undertakes meaningful research with its customers to inform its plans and it raised its concerns about the limited scope of the research and the volume of information required to present to customers.

The Forum supported Yorkshire Water in undertaking its own research with customers which complements the Ofwat collaborative activity and expect this to be fairly reflected in its business plan.

This is the continued Statement from the Chair

There has been significant media coverage and political scrutiny throughout 2022 and 2023 of water companies' poor environmental performance, in particular storm overflow pollution into rivers and inland & coastal bathing waters. Yorkshire Water's performance has also been under question in this context. The Forum has challenged the company on its current environmental performance and questions whether enough is being done, and quick enough, to improve its position. This is despite the plans for a significant uplift in investment required from customers to deliver its environmental obligations between 2025 and 2030.

The Forum has also challenged the company to ensure the needs of the most vulnerable customers were heard and are satisfied that the company engaged with customer representative bodies, such as debt, mental health, and age and mobility charities. With the cost-of-living crisis at the forefront of many minds and an expectation that this will get worse over the next 12 months, the Forum has asked the company to consider the potential increase in the numbers of customers who will be seeking financial help from Yorkshire Water in the near future. The Forum challenged the company on the level of contribution it provides to its social tariff scheme and welcomed the steps it has taken to increase its overall company contribution for the period 2025 to 2030.

The Forum believe that Yorkshire Water recognises and acts upon its responsibilities towards customers experiencing financial difficulties and has a wide range of schemes that provide help. The Forum expect Yorkshire Water to continue to identify and meet the needs of customers struggling to afford to pay their bills and welcome the range of services that the company provides. However, the Forum also challenge the company to improve overall awareness of these schemes.

The Forum also challenged Yorkshire Water on its future debt profile. The company presented its forecasted debt maturity model up to 2040 and provided an overview of how it intends to manage this over the period 2025 to 2030. Whilst the company has secured a plan for the repayment of loans, it will still require additional funding to support its capital programme, including storm overflow investment and any early start programmes ahead of 2025.

The Forum has engaged with Yorkshire Water to ensure it responds to customer preferences and priorities in developing its business plan, but at the same time not leaving itself vulnerable to setting unachievable performance commitment targets. The size of the statutory investment programme presented to the Forum has been considerable, mainly driven by the need to deliver the company's environmental legal obligations.

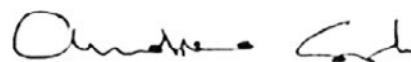
In its discussions with Yorkshire Water, the Forum has been keen to explore if the proposed business plan is credible, financeable, affordable, and deliverable, consistent with the aspirations of the Board.

The company has acknowledged that performance standards have fallen short over recent years in areas such as pollution, sewer flooding and unplanned water interruptions. The Forum has challenged the company on how it intends to achieve its forecast performance commitment position by 2024 and has questioned the company's ability to fund and deliver this level of improvement.

Whilst the Forum recognises the efforts Yorkshire Water has made to be more transparent in its financial reporting over recent years, it has challenged the company to produce much more simplified and clearer financial reporting for public use. The Forum believes this would help mitigate against negative public perceptions of water sector finances such as Director's salaries, profits, and dividends.

In the run up to PR24, the Forum has expressed concern about the level of engagement it has had with Yorkshire Water, particularly on topics such as environmental outcomes. There are some areas which the Forum has had extensive scrutiny of in previous price reviews, such as the environmental programme, but this has been much less so in the run up to PR24. In part this has been due to the Forum having a more in-depth role on matters related to customer engagement and research in order to provide assurance on these to the Board of Yorkshire Water. However, following recent engagement with the Yorkshire Water Executive team, the Forum is encouraged that there will be improved engagement more generally moving forward. The Forum cannot provide full assurance about the content of the PR24 business plan but it has looked at whether the approach taken to arrive at the outcome is robust, fair, evidenced-based, and balanced and reflects the priorities of Yorkshire Water's customers and can confirm that it is.

I would like to thank all of my colleagues for their scrutiny of the company's proposals and for their diligence and good humour. Our appetite for delivering what customers want at a price they can afford remains and we will continue to challenge Yorkshire Water to ensure it promotes a company-wide culture that puts customers at the heart of the business.



Andrea Cook OBE

Independent Chair, Yorkshire Forum for
Water Customers

This is section one

Who are the Yorkshire Forum for Water Customers?



This is section one continued

Who are the Yorkshire Forum for Water Customers?

The Yorkshire Forum for Water Customers (Forum), under the guidance of its Independent Chair, Andrea Cook OBE, has continued to support and challenge Yorkshire Water in managing its business in the best interests of its customers for over 10 years. The Forum's role is to understand the challenges Yorkshire Water faces when providing services within the economic framework and regulations set by Ofwat, the water industry regulator, alongside other bodies such as the Drinking Water Inspectorate (DWI) and Defra. The Forum meets monthly and comments on the company's business plans and express views about key policy and operational issues and priorities.

To protect customers, the development of Yorkshire Water's five-year business plan and long-term strategy is closely overseen by Ofwat. The regulator sets the five-year price, service and incentive package to encourage Yorkshire Water to deliver improved water, wastewater and environmental services to its customers at a fair price across the Yorkshire and Humber region. Ofwat examines companies' plans to ensure they follow the framework set for companies, have been challenged by customer representatives, such as the Forum and stakeholders, and eventually approves them. The next plan will be submitted to Ofwat in October 2023.

Once approved, the plans are monitored by Ofwat and other regulators to see how well the companies perform on an annual basis. This is necessary because the sector provides an essential public service and must deliver on certain legal obligations. It is also necessary because companies operating in this sector do not experience the same competitive pressures as other sectors to help drive up the standards of service to household and business customers, as well as retailers.

For the 2014 price review, Ofwat introduced a step change in how companies approached the development of their business plans. This change placed customers at the heart of the price setting process and ensured customer views informed each stage of the business planning process. Unlike previous price reviews, water companies consulted their customers to ensure business plans reflected the outcomes customers and wider society wanted at every stage of the water cycle, from improved water quality to protecting and improving the environment. This process is challenged and endorsed by the Forum (also known as Independent Challenge Groups or ICGs).

The Forum was set up to address this and Yorkshire Water has since chosen to retain the Forum to challenge and support its work on an ongoing basis, not just for the five-year price review. For example, the Forum has been involved in reviewing and challenging Yorkshire Water's Annual Performance Report including producing its own report. Robust challenges by the Forum in the production of the plan and a constructive response to these challenges by Yorkshire Water is an integral part of Ofwat's assessment of their plan.

View Yorkshire Water's Annual Performance Report here:

yorkshirewater.com/about-us/yorkshire-forum-for-water-customers/

In preparation for the next price review (PR24), the Forum has challenged Yorkshire Water on behalf of Ofwat to ensure its business plan fairly reflects customers' views gained from quality customer engagement and that it is delivering on its performance commitments for the period 2025 to 2030.



Robust challenges by the Forum in the production of the plan and a constructive response to these challenges by Yorkshire Water is an integral part of Ofwat's assessment of their plan.

This is section one continued

Who are the Yorkshire Forum for Water Customers?

For PR24, the Forum has provided independent challenge on Yorkshire Water's existing customer commitments and provided an independent review to the Board of Yorkshire Water on the quality and use of customer research in Yorkshire Water's 2025 to 2030 business plan. The Forum will also provide independent review to Ofwat by:

- Providing on-going challenge to Yorkshire Water on the quality of customer engagement for the 2025 to 2030 business plan, helping to identify any gaps that need to be addressed.
- Providing an independent view to the Board of Yorkshire Water on the quality of customer research and that customers' views have been taken account of in the development of the 2025 to 2030 business plan, long-term delivery strategies and strategic planning frameworks for water resources and drainage and wastewater.
- Providing a direct link to the Consumer Council for Water (CCW) Challenge Coordination Group, the aim of which is to facilitate more consistent local challenge of water companies in the development of their 2025 to 2030 business plans.

The Forum's work to deliver its role is documented in this report which has been submitted alongside the company's business plan to Ofwat on 2nd October 2023.

The Forum is made up of a number of customer and stakeholder representatives and independently chaired by Andrea Cook OBE. Information about all our members is set out below:

Andrea Cook OBE Independent Chair

A consumer and regulatory specialist with a successful track record in the energy, financial, legal and water sectors with particular expertise in complaint handling. Substantial experience of chairing boards and senior level working groups and as a non-executive director. Significant knowledge of stakeholder engagement and a commitment to principles of independence, fairness, proportionality, diversity and transparency. Excellent judgement and analytical skills, the ability to assess complex material, and experience in producing high-quality reports aimed at customers. Andrea is also the Independent Complaints' Reviewer for HM Land Registry.

Tom Keatley Senior Adviser, Water and Land Use Natural England

Natural England is the Government's adviser for the natural environment in England, helping to protect England's nature and landscapes for people to enjoy. It is sponsored by the Department for Environment, Food and Rural Affairs (Defra) and is responsible for making sure that England's natural environment – including its land, plants and animals, freshwater and marine environments, geology and soils – are protected and improved.

Tom's role covers the Yorkshire area, with lead responsibility for Ofwat's price review. He has a long-established overview of Natural England's work which dates back over 15 years. He has helped promote the environmental benefits and public value of ecosystem services, which aim to provide positive and affordable outcomes to society. Tom is a member of the Chartered Institute of Ecology and Environmental Management and a chartered environmentalist.

He aims to create and strengthen relationships between Natural England and our members to see how best we can contribute to the natural environment while meeting the needs of customers.

Chris Griffin Independent Member

Chris has worked throughout the charitable and voluntary sectors in Yorkshire and the East Midlands as a welfare benefits specialist and Operations Manager at Citizens Advice. Chris sits on the Forum as an independent member, with a particular interest in affordability and vulnerability. Chris has more than 10 years' experience of welfare benefits policy, working to tackle poverty and discrimination. He is the Forum's Deputy Chair.

This is section one continued
**Who are the Yorkshire Forum
for Water Customers?**

James Copeland
National Farmers Union

The National Farmers Union (NFU) is the most successful representation body for agriculture and horticulture in England and Wales. They represent more than 46,000 farming and growing businesses. Their purpose is to champion British agriculture and horticulture, to campaign for a stable and sustainable future for British farmers and to secure the best possible deal for our members. They strive to protect and promote British farm life and give our members a voice now and in the future.

James is the Senior Environment and Land Use Adviser for the NFU in the North region. The role includes taking an overview on matters relating to managing land and the environment, including the availability and quality of water, flood risk, land use, environmental schemes, planning, infrastructure, waste, climate change and adaptation.

He works closely with (to name but a few) the Defra family (Natural England, the Environment Agency, Marine Management Organisation and the Forestry Commission), local authorities, commercial companies, National Parks, environment groups, non-government organisations and catchment partnerships (groups that work with key stakeholders to agree and deliver the objectives for the catchment area and to support the Environment Agency to develop an appropriate river-basin management plan, which is needed under the Water Framework Directive). He is passionate that agricultural businesses are given the opportunity to develop and that the NFU pushes for a landscape that allows this to happen, making sure that policy is rooted in the real world.

Dave Merrett
Independent Member

Dave acts as an independent member of the Forum, on which he previously represented local authorities in Yorkshire (2012 to 2015). Professionally, he is a chartered civil engineer and member of the Institution of Civil Engineers. He is currently employed part-time by Amey Consulting and Rail as a principal engineer, working on Network Rail's 2014-2019 London North Eastern and East Midlands Bridge Assessment contract. Dave's civil-engineering background gives him the experience to help examine Yorkshire Water's significant capital-investment programme. He also has considerable knowledge of transport, planning, environment and sustainability, flooding, policing, health and children's services and local government issues generally.

He previously had senior roles at York City Council and its successor (City of York Council), on which he served from 1982 to 2015, and to which he was recently re-elected (2023). Dave also served at different times on the Yorkshire and Humber Regional Assembly, the Local Government Association (he was Deputy Chair of the Environment and Regeneration Board) and Yorkshire Regional Flood and Coastal Committee, with obvious links to water industry issues. He also brings experience of knocking on people's doors, listening to their concerns and problems – the pressures on their budgets, concerns about the risk of flooding, fish deaths in the River Foss in York, the environment more generally – and has experience of working with disadvantaged communities.

This is section one continued
**Who are the Yorkshire Forum
for Water Customers?**

Melissa Lockwood
Environment Agency

The Environment Agency (EA) works to create better places for people and wildlife and to support sustainable development. They are one of the water companies' environmental regulators and one of the statutory members of all water companies' ICGs.

The EA works with the Forum to review and challenge Yorkshire Water's next five-year plan so that the company achieves the best possible outcomes for both customers and the environment. Melissa has more than 30 years' experience in the EA in a range of roles and is also a member of the Northumbrian Water Forum.

Steve Grebby
Policy Manager, CCW
(Consumer Council for Water)

CCW is the independent organisation representing household and business customers across England and Wales. It was set up in 2005 to represent customers, including making sure their interests are at the heart of decision-making in the water industry. It works with customers to listen to their views, answer their enquiries and sort out their complaints about water companies.

It uses evidence from customer research, information from water companies, comparisons with other water companies, complaints and information on company performance, as well as feedback from household and business customers, to guide its work on behalf of all water customers. Its duty to vulnerable customers and the need for sustainable development (balancing economic, environmental and social responsibilities) supports all its activities. As well as its formal duties, it focuses on getting the balance right in the long term on affordability and making sure future water supplies and sewerage services are reliable and delivered to a high level of service. There is a balance to be struck between the cost of bills now and the cost of bills for future generations.

Steve began his career in the Water Industry in the early 1990's with the original consumer representative, Ofwat's Thames Customer Service Committee. Steve has over 30 years' experience of speaking up for water customers through his work with water and sewerage companies across England and Wales. He has worked on a wide range of consumer issues and now leads CCW's national work on all wastewater related issues including sewer flooding, storm overflows, drainage misconnections and misuse of sewers. He challenges their services from the customer's point of view and encourages them to put the customer at the centre of their plans and decision-making.



This is section one continued

Who are the Yorkshire Forum for Water Customers?

Kursh Siddique Independent Member

Kursh is CEO of BAME Voices, an organisation working to help reduce health inequalities by working with national health research organisations like the NHS and NIHR. He has over 15 years' experience of working within the voluntary sector and his organisation is a member of the Health & Wellbeing Board in Bradford. As a governor at the Bradford Teaching Hospitals NHS Foundation Trust, he is responsible for holding the non-executive directors to account for their performance on the Board and making sure the issues concerning his constituents are dealt with in a constructive manner.

Kursh, through BAME Voices, specialises in marginalised community engagement, advising several national organisations on their engagement strategies and has developed an ever-growing engagement network with a current reach of over 15,000 people.

Jamie Ashton Projects and Service Director Citizens Advice Rotherham

Jamie is an independent member of the Forum with 7 years of senior/project management experience gained in the voluntary, community and private sectors. Jamie joined the Citizens Advice service in 2021, with a particular interest in affordability and vulnerability concerns. Jamie oversees projects specialising in welfare rights, energy and debt services.



Independent Challenge

To ensure the Forum remains independent and transparent, a number of measures have been put in place:

Appointments: The Chair of the Forum is appointed by the Chief Executive of Yorkshire Water. Membership of approximately eight people is agreed by Yorkshire Water and the Chair. The Chair is responsible for ensuring that the Forum has sufficient expertise, diversity, and experience in order to fulfil its role.

Conflicts of interest: Members are expected to identify these in consultation with the Chair based on other commitments and work programmes linked to Yorkshire Water and these are recorded in the minutes of meetings, when applicable.

Induction: Yorkshire Water has supported the Forum's ability to challenge effectively by providing induction meetings to new members. Members are also invited to workshops to assist members in gaining appropriate knowledge. For example, in December 2022 Yorkshire Water ran an all-day workshop on customer engagement.

Meetings: The agendas for the Forum are set by the company in consultation with the Chair but increasingly the Forum has driven the agenda. Main Forum meetings are usually held monthly. The Forum has challenged Yorkshire Water to make sure the insight drawn from its customer engagement and participation activity has been accurately reflected in the development of its business plan and informed its day-to-day operational decisions and this has been reflected in the agendas for meetings.

This is section one continued

Who are the Yorkshire Forum for Water Customers?

Sub-group meetings: Historically, the Forum has been supported via three sub-groups chaired by different Forum members – environmental, communications, and affordability and vulnerability. These have reported into the main Forum meetings and have met as and when required to work on more detailed aspects of this work. Unfortunately, the company was unable to support the sub-groups in 2022 due to limited resource availability. However, in May 2023 Yorkshire Water agreed to re-introduce and support the environmental sub-group.

Board engagement: The Forum has worked closely with Yorkshire Water's Head of Regulation, but Board engagement over the last couple of years has been very limited. The Chair and Deputy Chair of the Forum met the company's CEO and Non-Executive Director in June 2023 in which it was agreed that the Forum will continue to be involved in all decisions which have an impact on customers. The Forum will now continue to attend the Yorkshire Water Public Value Committee at least twice a year and the main Board meeting at least annually to provide an update on the work of the Forum. Since then, the Chair and Deputy Chair of the Forum attended the company's PR24 Steering Group in August 2023.

Communication between meetings: Members are emailed materials for review outside of meetings where timescales demand. Challenges to these are submitted by email or discussed in teleconferences. These challenges are captured in a challenge log by Yorkshire Water.

Use of external experts: Where there hasn't been sufficient expertise within the Forum, other experts have been invited to attend the Forum, for example Atkins presented its independent technical assurance report on Yorkshire Water's 2022/23 Annual Performance Report at the Forum meeting in June 2023.

Private discussions: The Forum has member-only discussions at the beginning of the monthly meetings. Relevant points are then raised in the main open meeting.

Challenge log: Yorkshire Water maintain a log of challenges from the Forum, including identifying areas of disagreement on separate topic areas. The Forum has a clear view on how the company has responded to challenges (see Appendix A).

Payments: Some Forum members (e.g. the Chair) are paid by Yorkshire Water for their time. Members employed by statutory organisations are not paid (e.g. Environment Agency and Natural England). Others do not receive payment as this would represent a conflict of interest and, as an alternative, payment is made to their organisation as a charitable donation in support of their work (e.g. Citizens Advice). This was recommended by the Chair and implemented by Yorkshire Water. There is also scope for an attendance fee, consistent with a daily rate for public sector appointments.

CCW Challenge Co-ordination Group (COG): The Chair and Deputy Chair attend the CCW COG on a rotational basis. This is a forum that brings together chairs from across other ICGs in the water sector to share comparative performance data, examples of best practice, and expert knowledge of regulators and other stakeholders.

Website: The Forum requested that details of the arrangements and minutes of Forum meetings and past publications be placed on Yorkshire Water's website. As a result, the Forum has its own webpage.

Visit the Yorkshire Forum
for Water Customers
own webpage

[yorkshirewater.com/
customerforum](https://yorkshirewater.com/customerforum)



Yorkshire Water maintain a log of challenges from the Forum, including identifying areas of disagreement on separate topic areas.

This is section one continued

Who are the Yorkshire Forum for Water Customers?

Continuity impact experienced during PR24

Between the completion of the PR19 process and the commencement of PR24, the company has undergone significant changes across its senior teams. This has impacted the level of engagement, and relationships, which the Forum has had with the company over the last two years. This has led to significantly reduced engagement and involvement by the Forum on key topics such as the environmental programme, operational performance and delivery of customer service.

The Forum had in place a number of sub-groups which carried out deep dives and detailed analysis on company information during PR14 and PR19 to support its evaluation and assessment as to the credibility, financeability and deliverability of the proposed business plan. Unfortunately, the sub-groups have not met during the PR24 business planning process due to limited resource availability from the company.

The Forum continues to engage with both the company's Head of Regulation and the Insights team but note in this report that the reduced engagement with other parts of the company means the Forum cannot provide full assurance of the business plan, but instead have assessed whether the approach taken to arrive at the outcome is robust, fair, evidenced-based and balanced and can confirm that it is.

The Chair and Deputy Chair of the Forum met with the Yorkshire Water Executive team in July 2023 which provided opportunity to discuss the issues experienced. The Forum is encouraged that the company has committed to supporting the sub-groups moving forward.



This is section two

Collaborative approach for PR24



This is section two continued

Collaborative approach for PR24

In previous price reviews, Yorkshire Water has undertaken its own research with customers and stakeholders across the Yorkshire and Humber region to support its business plan submission.

The research undertaken has focussed on customers' immediate and long-term priorities, affordability and willingness to pay, as well as determining the level of acceptability for the final plan. The Forum has been engaged throughout these programmes providing continuous scrutiny and challenge.

For PR24, Ofwat introduced significant changes to the customer research and engagement element of the price review process. Ofwat have been concerned with the level of variance between companies' customer evidence and valuations borne through what it sees as differences in approach, methodology and interpretation of results.



Ofwat Collaborative Research Approach

Therefore, Ofwat introduced a collaborative element to PR24 to provide consistency and comparability across the companies.

Ofwat has introduced an industry collaborative approach to undertaking key research activity to inform PR24. The collaborative approach ensures the same methodology and approach is undertaken across all companies, whether this be done in a 'centralised' or 'standardised' way:

- **Centralised:** Ofwat/CCW commission the research, develop the methodology and approach, create the materials and undertake the research on behalf of the companies. This activity is either funded by Ofwat/CCW e.g. customer priorities, or funded

by the companies e.g. Outcome Delivery Incentive Rates research.

- **Standardised:** Ofwat/CCW will set out the framework for the expected approach and prescribe the research materials/content to be presented to customers. Companies will then fund and undertake the research at an appropriate time within their business plan cycle. All results are then fed back to Ofwat within a given period e.g. Customer affordability and acceptability testing.

Further discussion as to the outcome of the research and subsequent decisions made by Yorkshire Water and the Forum are provided in the Customers and Communities chapter.

To ensure Ofwat were able to collaborate effectively, it established a PR24 Customer Research National Steering Group. The Group rotated the Chair between Ofwat and CCW each month. Members of the group consisted of Ofwat, CCW, company representatives (both research experts and economists), Citizens Advice, EA, Natural England, Defra and Welsh Government. Yorkshire Water provided updates on progress from these sessions at the monthly Forum meetings.

Your Water, Your Say

Ofwat also introduced 'Your Water, Your Say' events to the PR24 governance and assurance process. These sessions were independently chaired and provided customers and stakeholders with the opportunity to challenge companies on their plans directly in an open forum:

- The first Yorkshire Water session was hosted in June 2023 and was attended by over 100 household customers, business customers, customer groups, NGOs and regulators. Members of the Forum were also in attendance.
- A second session will be held in November 2023 following business plan submission to Ofwat.

The Forum was consulted and engaged in the content and delivery of the 'Your Water, Your Say' session in June 2023 which members attended online. Feedback was taken into consideration although the format of these sessions was quite prescriptive because of Ofwat's role. The Forum looks forward to further engagement in the preparation and delivery of the subsequent event in November 2023.

CCW Challenge Co-ordination Group

Both the Chair and Deputy Chair of the Forum rotate attendance at the CCW Challenge Co-ordination Group. This is a newly established group for PR24 which aims to set out an audit/assurance framework which can be applied across the industry, as well as share comparable industry data.

This is section three

Trust and confidence



This is section three

Trust and confidence

The Yorkshire and the Humber region has faced significant political, social, economic and operational challenges since the last price review in 2019, which have impacted negatively on the perceptions of the water industry by customers and stakeholders, both regionally and nationally.

These events include the COVID-19 pandemic in 2020, water shortages in 2022, and ongoing concerns about river water pollution, all of which have led to increased scrutiny from the media, regulators and customers, and more recently resulted in commentary on the financial resilience of the sector.

Insight from CCW¹ consistently tells us that customers expect companies to be open and transparent about their performance. This helps build trust and confidence. As a provider of a public service, it is critical that Yorkshire Water is held to account for its performance by all key stakeholders. This requires openness about performance, corporate and financial structures, the quality and reach of customer engagement and acceptance of robust, independent challenge. The Forum challenged Yorkshire Water in 2017 over its financial structure and was pleased when it announced it was closing its accounts in the Cayman Islands and moving all financial operations to the UK. Through further challenge from the Forum, Yorkshire Water had also confirmed that any future changes to executives' pay would be published in the annual performance report. The company has adopted Ofwat's expectations on dividends, as set out in the publication 'Putting the sector in balance' and are more open about its corporate and financial structures.

The COVID-19 pandemic had widespread effects globally and within the region, leading to disruptions in various sectors, including water services. Yorkshire Water, like many other utilities, faced challenges in maintaining operations and planned investments while ensuring the health and safety of its staff and customers. The Forum recognised the work undertaken by Yorkshire Water during this time to better understand the concerns and priorities of customers through its ongoing customer research programme. This led to the company adjusting the way it served its customers daily throughout the pandemic, as well as offering improved financial support through its WaterSupport programme.

Additionally, the ongoing media and regulatory focus on river pollution has further intensified scrutiny on Yorkshire Water. Concerns about pollution arise from factors such as inadequate wastewater treatment, agricultural runoff and industrial discharges. This can lead to environmental degradation, impacting Yorkshire ecosystems. The Forum continues to challenge Yorkshire Water in achieving a high level of performance whilst being mindful of the potential bill impacts on customers from addressing the company's contribution to the problem. Currently pollution and internal sewer flooding performance forecasts do not meet the targets set. Yorkshire Water have told the Forum that for both measures there is significant planned investment over several business plan periods to achieve the performance levels needed and that it is carrying out reviews to understand why performance improvement in these areas has been slow. The Forum has also considered the need to deal with pollution incidents more effectively and have been briefed at the monthly meetings by representatives from the Environment Agency. In 2023, serious pollution performance improved, but it is still too high, and the Forum expects to see sustained improvement and reduction.

The Forum is concerned to see the company's failure to meet its water Performance Commitments in the latest Annual Performance Review (2022/23), though it is recognised that there remain on-going consequences of the disruption caused during Covid-19. There is a risk that the company would struggle to meet higher requirements from Ofwat for the 2025 to 2030 period.



The Forum challenged Yorkshire Water in 2017 over its financial structure and was pleased when it announced it was closing its accounts in the Cayman Islands and moving all financial operations to the UK.

¹ www.ccw.org.uk/publication/perception-and-trust-in-water-companies/

This is section three

Trust and confidence

Customer and stakeholder perceptions of Yorkshire Water have been negatively affected too. Recent research published by CCW showed that whilst over 3 in 5 (62%) customers said their perceptions of their water company had not changed in the last year, where there was change it tended to be for the worse (23%)². The challenges faced by companies in delivering consistent and reliable services, along with the heightened scrutiny, can erode trust and confidence. Customers may question the company's ability to address these issues and meet their expectations effectively.

To address these challenges, Yorkshire Water need to improve its performance significantly, but it should also focus on enhancing its communication and engagement with customers and stakeholders. Transparently sharing information about the steps being taken to mitigate the impact of external events, such as water shortages, and pollution concerns, can help rebuild trust. Additionally, investing in infrastructure upgrades and water resource management strategies can demonstrate a commitment to addressing the region's long-term water needs and environmental sustainability, the recent announcement of a £67m investment to improve river pollution is an example of this. But equally, the drought conditions experienced in 2022 highlights the importance of having long-term water resources strategies in place.

Despite the operational challenges faced by Yorkshire Water, the Forum has been encouraged by the company's response to the ongoing cost-of-living crisis; specifically, the steps taken to increase the eligibility for its WaterSupport and WaterSure schemes to be a step in the right direction, although the Forum feel that more could be done to support greater numbers of customers in need (see Affordability and Vulnerability chapter).

More recently, the financing of water companies has come under ever more scrutiny by political parties and the media. The Thames Water coverage relating to its gearing has cast another negative light over the industry which is already under pressure from significant service failures. The Forum has previously challenged Yorkshire Water to reduce its own gearing following PR19 and subsequent Competition and Markets Authority appeals process.



In the run up to PR24, the Forum has expressed concern about the level of engagement it has had with Yorkshire Water, particularly on topics such as environmental outcomes. In part this has been due to the Forum having a more in-depth role on matters related to customer engagement and research to provide assurance on these to the Board of Yorkshire Water. The Forum is also aware of the challenges which Yorkshire Water has faced internally over the past couple of years, with the introduction of a new senior team, loss of key staff and the impact on the ability to start PR24 early due to the extended PR19 Competition and Markets Authority appeals process. There are some areas in which the Forum has had extensive scrutiny of in previous price reviews, such as the environmental programme, but this has been much less in the run up to PR24, which we feel are opportunities that have been missed by Yorkshire Water. The Forum feels the lack of engagement compared to previous years has meant the company falling behind compared to the rest of the industry. Therefore, the Forum cannot provide full assurance about the outcome of the business plan but has looked at whether the approach taken to arrive at the outcome is robust, fair, evidenced-based, and balanced.

From recent engagement with the Yorkshire Water Executive team, the Forum is encouraged that there will be improved engagement moving forward. The Forum will continue to challenge Yorkshire Water in ensuring it promotes a company-wide culture that puts customers at the heart of the business.

² www.ccw.org.uk/publication/perception-and-trust-in-water-companies/

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Customers and communities



This is section four

Customers and communities

Yorkshire Water provides water and wastewater services to 5.5 million household customers and 240,000 business customers, a key element of the price review process is understanding the different needs and priorities of these. The region also has a diverse geography; from large swathes of countryside and rolling dales, Yorkshire is also home to three of the ten largest cities in the UK – Leeds, Sheffield, and Bradford. North Yorkshire is the largest county in England by area covering 3,341 square miles. The region also boasts some of the country's best coastline spanning almost 100 miles from Staithes down to the edge of the Humber Estuary.

According to the latest 2021 census, the population in Yorkshire and the Humber is predominantly white (85.4%), with non-white minorities representing the remaining 14.6% of the population. Asian people were the largest minority group in Yorkshire and the Humber accounting for 8.9% of the population, and 117,643 or 2% of the Yorkshire and the Humber population are black. Yorkshire Water also serve one million customers living with an illness or disability and 188,000 customers who are currently living in water poverty.

Large areas of the region are also impacted by high levels of deprivation, for example over 57% of the Bradford district households fall into the Office of National Statistics category for deprivation, which is approximately 6% above the national average.

To better understand the needs of this diverse region, the Forum has been actively involved in challenging and supporting Yorkshire Water in its ongoing customer insight and engagement activity. The Forum believe engagement should be ongoing and not undertaken specifically for the price review process, and that it should inform day to day business decisions, which protect customers from service failure or financial distress.

The insight activity undertaken by Yorkshire Water during the Covid pandemic, and more recently through the drought in 2022, helped to better understand the immediate needs of customers not only through service impact, but also through how the experiences influence their lifestyle needs e.g. the recent drought communications were not directed to limiting water use, but to conserving water being used and helping customers better understand how to use water wisely.

The Insights team at Yorkshire Water have regularly attended the monthly Forum meetings to provide updates on both the Yorkshire Water research programme, as well as the Ofwat/CCW collaborative research activity.

Yorkshire Water serve 1,000,000 customers living with an illness or disability

This is section four continued

Customers and communities



Customer research and insight

To support the development of the PR24 business plan, Yorkshire Water has engaged with approximately 45,000 household customers and 1,000 business customers directly through its customer research programme.

45,000
Household Customers

1,000
Business Customers

It has also taken into account the research undertaken via the Ofwat/CCW collaborative research activity. The Forum continually challenged Yorkshire Water to engage with a representative sample of the region's population to ensure insight and feedback is both robust and legitimate.

Yorkshire Water continues to regularly attend Forum meetings to discuss its ongoing approach to customer and stakeholder engagement and participation, as well as to update and feedback findings from the industry collaborative research being undertaken by Ofwat and CCW.

Yorkshire Water has continued to undertake a programme of customer engagement activity which has explored, tested and evaluated the key themes of Ofwat's business planning framework – customer service, affordability, resilience and long-term planning – from multiple perspectives across its diverse customer and stakeholder base. However, the Forum recognise that the research programme is not as extensive as that of previous price reviews due to the introduction of the Ofwat/CCW industry collaborative research programme.

The Forum has provided the company with over 100 individual responses across all areas of the research programme to date. Common themes of challenge, all of which have been responded to constructively, include:

- Ensuring the sample framework is representative of all customer types.
- Ensuring the methods used allow for total inclusion of the customer base.
- Ensuring that the research materials being presented are easy to understand and – in cases where the subject matter is lengthy and complex – the stimulus is appealing and interesting. This has included making technical suggestions on improving questionnaires and discussion guides.
- Avoiding potential research bias from customers who may be better informed.
- Ensuring customer involvement in informing the next stages of the research programme for both the company and Ofwat.

The Forum challenged Yorkshire Water to ensure that the research programme remained accessible and inclusive to all customers. The company responded positively to these challenges and ensured that customers from marginalised communities, for example, low-income inner-city households were offered the opportunity to participate in the research in a way that was accessible to them e.g. online or face-to-face. Yorkshire Water ensured that focus groups were held in inner-city locations and overlaid Index of Multiple Deprivation data when targeting representative samples for the research.

Customer Priorities

Yorkshire Water has undertaken its 'Valuing Water' research over the last three price review periods which provides a longitudinal understanding of the changing needs and priorities of customers. This activity is crucial to setting out the priorities which Yorkshire Water should consider within its business planning process. This research involved a representative sample of household customers, business customers and future customers. The Forum challenged the company in ensuring the needs of the most vulnerable customers were heard and were satisfied that customer representative bodies, such as debt, mental health, and age and mobility charities were engaged in the research, as well as with those customers who were digitally disengaged or vulnerable.

The Forum noted the significant increase in the customer priority to 'keep bills affordable for all', rising from seventh in the 2017 study to second in the 2022 study. The Forum was keen to learn that although the majority of customers felt their water bills were reasonable, a third worried about not being able to pay their water bill in future. The Forum understands from previous company and industry research that most households focus on short-term challenges which have an immediate impact on them, with the cost-of-living crisis at the forefront of many minds and an expectation that this will get worse over the next 12 months. The Forum has challenged the company to consider the potential increase in the numbers of customers who will be seeking financial help from Yorkshire Water in the near future.

The Forum also notes that two of the top four priorities identified in the study relate to 'preventing...' adverse things from happening e.g. sewage entering homes and businesses and pollution of rivers and streams. It is crucial that these services operate without failure to avoid any negative perceptions – recent media focus on storm overflows have impacted on the reputation of the water industry and Yorkshire Water must invest in improving performance in these areas if it is to improve such perceptions and its reputation.

Unsurprisingly, the research showed that the highest customer priority for Yorkshire Water remained 'providing a continuous supply of water that is safe to drink', which is reflected across all the previous studies.

In April 2022, Ofwat/CCW published its joint national research, 'Research on customer preferences' which sought to inform the development of the common Performance Commitment framework, as well as identify other key priorities for customers, such as affordability, resilience and fairness. The Forum, whilst not directly engaged in the research, note the similarities in customer priorities as to that of the Yorkshire Water study

e.g. type of inconvenience, visibility, and timescales involved. However, the Forum is satisfied that the outcome of the Ofwat/CCW research broadly reflects the key priorities as identified in the Yorkshire Water study e.g. safe clean drinking water, preventing sewer flooding and river water quality and pollution.

The Forum is also satisfied that the main areas of focus for Yorkshire Water for the next five-years reflect the priorities identified by customers in both the Yorkshire Water and Ofwat/CCW research. Yorkshire Water presented the following priorities at the 'Your Water, Your Say' event in June 2023, which has been based on the feedback received from customers:

- Providing a continuous supply of water that is safe to drink.
- Ensuring affordable bills for all.
- Investing in long-term environmental improvements.
- Preventing sewer flooding incidents.

Whilst the Forum is broadly satisfied with the priorities identified by Yorkshire Water for the next five years, the Forum remains unclear how the action and decision in the next five years contribute to or impact on the company's long-term plan, for example there are concerns as to how the company will tackle the challenge of getting customers to first recognise and then change their behaviours when it comes to water usage. The Forum noted in the recent 'Your Water, Your Say' event that Yorkshire Water has set a target to reduce per capita consumption from 130 litres per day currently to below 100 litres per day by 2050. The Forum expects to be engaged and consulted on the programmes being developed to achieve this as well as better understand how Yorkshire Water will protect the most vulnerable of customers who rely on water for health and medication, for example.



The Forum noted the significant increase in the customer priority to 'keep bills affordable for all', rising from seventh in the 2017 study to second in the 2022 study.

Willingness to Pay and Outcome Delivery Incentive Rates

The Forum acknowledges the introduction of the industry collaborative research programme by Ofwat and CCW. The main piece of research undertaken by Ofwat/CCW within the PR24 research programme was to set Outcome Delivery Incentive rates aligned to the common Performance Commitment framework for each of the companies.

The Forum has received regular updates from Yorkshire Water, as well as via the CCW Customer Co-ordination Group. Whilst the Forum understands the complexities of a price review and the challenges Ofwat face in fairly evaluating each company's plan, it is concerned about the robustness of the research, the potential for underrepresentation at a regional level and the overall validity of the results. The recent output from the Outcome Delivery Incentives Rates research undertaken by Ofwat and CCW shows that it is difficult to obtain comparability and consistency across the different regions, despite applying the same methodology. This was raised as a potential risk by Yorkshire Water during the early stages of consultation in 2020. Since completing the research, Ofwat confirmed that rather than apply the individual rates derived from the study they will be applying a 'top down' approach to setting Outcome Delivery Incentive rates.

Whilst it was suggested by Ofwat that companies should not undertake their own research in the three areas of research being undertaken through the collaborative programme, Yorkshire Water consulted both its Board and the Forum in January 2022 on undertaking its own Willingness to Pay research. This was considered and agreed that the company should proceed with this research given the timetable for delivery of results to the collaborative programme and the risk for delay given the complexity of the study at a national level, which were not in line with the company's own business planning process. Yorkshire Water also had concerns relating to the validity of the methodology and the eventual use of the results at a regional level. The Forum agreed that Yorkshire Water should undertake its own study.



The main piece of research undertaken by Ofwat/CCW within the PR24 research programme was to set Outcome Delivery Incentive rates aligned to the common Performance Commitment framework for each of the companies.

Environmental Obligations Research

All water companies are required to meet environmental performance standards in line with their statutory duties. In order to ensure Yorkshire Water meet the standards set, the Environment Agency and Defra expect them to undertake meaningful research which explores customers views and preferences for both future water supply and demand preferences through its Water Resources Management Plan, as well as ensuring the resilience of its drainage and wastewater services.

Water Resources Management Plan

The Forum was encouraged to see Yorkshire Water and Northumbrian Water collaborate on this piece of research. The benefits of such collaboration are far reaching, including a more cost-effective approach to undertaking this type of research, but also providing opportunity to seek common solutions to issues faced in the industry moving forward. The Forum encourages Yorkshire Water to look at ways of continuing to collaborate with other water companies in the sector moving forward.

The Forum acknowledged that customers see leakage, water supply resilience and affordability as important. The discussion-based methodology allowed the company to explore in-depth the opinions of customers when considering the options for the future. In common with the Forum's observations from the Valuing Water research, if customers are to reduce their per capita consumption, then they expect companies to reduce their leakage. Whilst customers seemed willing to reduce their water use, the Forum agrees with the recommendations of the report that education and communication to raise awareness of the short-term and long-term resilience challenges faced in the region are required. The Forum challenge Yorkshire Water to implement an ongoing communications strategy which highlights the issues and demonstrates to customers the needs and benefits of reduced water use.

The Forum noted customers' appetite for further environmental ambition within the Water Resources Management Plan, and the need for Yorkshire Water to review some of the long-term targets presented as customers found targets set to 2050 too far into the future, most considered 2030 and 2040 to be more tangible and meaningful targets. The Forum has challenged Yorkshire Water to consider this feedback in its plans, whilst balancing the affordability challenge.

Drainage Wastewater Management Plan

Within the Drainage Wastewater Management Plan research, Yorkshire Water undertook a deliberative approach to understanding customers priorities for current and future investment. This provided the opportunity to explore the issues in-depth with a representative sample of household and business customers.

The Forum acknowledges customers' desire for Yorkshire Water to meet its current targets as a priority, particularly considering the future forecasts for population growth and the impact of climate change. The Forum has not been engaged sufficiently in the development of the Drainage Water Management Plan to comment on this but encourage Yorkshire Water to consider the findings of this research.

In keeping with the findings of the Water Resources Management Plan research, customers are willing to support enhanced levels of service, beyond statutory requirements, for a small bill increase. Customers also supported a combination of sustainable urban drainage solutions and traditional carbon intensive solutions over the medium to long term, which the Forum also supports, and asks Yorkshire Water to take into account findings from its work in Hull through the 'Living with Water' initiative.



The Forum acknowledged that customers see leakage, water supply resilience and affordability as important.

Social Tariffs

The impact of the Covid-19 pandemic on people's finances continues to be significant. The region is also starting to experience additional financial hardship due to rising costs of energy, fuel and food, which has taken more customers into a cost-of-living crisis. The Forum has challenged Yorkshire Water to play its part in helping customers to be able to pay their water bills. The company can do this by keeping bills affordable and price increases to a minimum, and by offering support for those who are struggling to pay their bills. As part of this challenge, Yorkshire Water has undertaken further research with its customers to gauge their willingness to contribute to an increase in its WaterSupport scheme. WaterSupport is designed to offer a bill cap for customers on a low income and their annual water bill exceeds £350.

Yorkshire Water undertook research with a broadly representative sample of customers across the Yorkshire and the Humber region. The Forum is satisfied that the methodology and research design was developed and delivered via independently commissioned research. However, the Forum is aware that CCW has challenged the way in which the company has interpreted the findings and hence the level of contribution customers are willing to pay. As a result of this, the Forum has questioned how Yorkshire Water will triangulate insight from previous social tariff research it has undertaken, as well as other companies social tariff customer contributions, to ensure customer views remain robust and representative.

The Forum also challenged the company to invest in effective targeted communication campaigns to increase awareness of the schemes available, particularly given approximately 82% of customers who get out of debt through payment matching schemes, such as Resolve, maintain payments and stay out of debt.

Affordability and Vulnerability

As well as better understanding customer affordability, Yorkshire Water undertook research across the region to identify the level and type of vulnerability that exists across its customer base. The Forum considers this research as essential in the company's ability to determine whether the right level of support is being offered to customers currently, as well as predict the potential demand from across the Yorkshire and the Humber region in future. The research was undertaken by an independent research agency and included a broadly representative sample of customers, as well as two separate cohorts of customers who are either being supported through a financial scheme or the priority services register.

The Forum believes the findings from this research are far reaching and can inform many parts of the Yorkshire Water business plan. The Forum particularly challenged the company to consider that customers are less positive about their future finances and expect to need support in the future. The research showed that customers who are currently supported via these schemes have high satisfaction levels, but the company needs to consider how it can find effective ways of communicating with customers who may be in need of support but face barriers that prevent them from accessing it, for example the Forum provided the company with emerging evidence that mortgage holders are more likely to have a higher deficit income (which inevitably will lead to debt once financial resilience erodes in each household affected) compared to social tenants who on average have £0 surplus and seem more insulated from increased housing costs.

The Forum considers this research as industry leading and challenge Yorkshire Water to implement and consider the recommendations put forward in the report which includes better and improved accessibility, improved communication awareness, a restructuring of the product portfolio to include tailored support and identify gaps in the offer which may exclude certain customer types.

Ofwat Affordability and Acceptability Testing

To ensure that Yorkshire Water's business plan reflects its customer priorities and needs, research has been undertaken with household and business customers to gauge how affordable the plan is, as well as how acceptable the planned performance is for the next five years. For PR24, Ofwat and CCW published standardised prescribed qualitative and quantitative research guidance for all water companies to follow³. To develop the approach, CCW commissioned an industry expert panel to support and advise its design.

From the outset, Yorkshire Water has regularly engaged the Forum on progress with the development of the prescribed methodology. Both Yorkshire Water and the Forum raised concerns as to the approach since Ofwat were prescriptive about the complexity of both design and execution. Yorkshire Water has consistently produced high quality research to support previous price reviews and only undertakes meaningful research with its customers to inform its plans and it raised its concerns about the limited scope of the research and the volume of information required to present to customers during the qualitative and quantitative stages.

The Forum has been engaged from the design of the study, to review of the prescribed research materials, ensuring they meet the exact standard as set out by Ofwat, as well as attending customer focus groups. The qualitative presentation debrief was attended by members of the Forum which provided the opportunity to ask questions and challenge the approach and findings of the research. The research was undertaken by an independent market research company which provided the Forum with assurances that the research findings were credible and robust. The Forum is satisfied that Yorkshire Water followed the prescribed guidance set out by Ofwat for the undertaking of the qualitative research stage.

The Forum notes learnings from this stage of research, as identified and reported by the independent market research agency, and we ask Yorkshire Water, Ofwat and CCW to consider the following for future research projects:

- Given the amount of information which was required to be sent to customers ahead of the research groups/interviews, the research agency experienced a large drop-out rate during the initial cognitive testing phase. This drop-out rate was 100% for financially vulnerable customers which required additional time to re-recruit customers. This issue was also addressed by Yorkshire Water, with the agreement of the Forum, to significantly reduce the 'homework' pre-read material to one-page as well as to offer customers to attend the interviews with a family member or friend.
- The length of the focus group session (3 hours) was also too long for some, particularly low-income households (C2DEs) and Future Bill Payers. The research agency felt that the content and level of information shown isolated some of these customers.
- The amount of prescribed information to present made sections of sessions feel more like an 'education' activity, which left less time for the more engaging and pertinent sections such as feedback on the business plan, optional investments etc.



The research was undertaken by an independent market research company which provided the Forum with assurances that the research findings were credible and robust.

³ www.ccw.org.uk/publication/acceptability-and-affordability-guidance/

This is section four continued

Customers and communities

Given the challenges experienced by the high dropout rate and concerns around cognitive overload, the Forum asked if this had impacted the credibility and robustness of the feedback. The research agency confirmed that the insight gleaned from the qualitative research stage was credible and robust, as they were able to recruit the samples of customers set out in the prescribed methodology, they also found that most customers remained engaged throughout the sessions and provided feedback like that experienced in other aspects of research across the industry.

Given the limitations and observations from the research agency as set out above, the Forum asks Ofwat and CCW to undertake a full review of the approach it has adopted to acceptability and affordability testing for PR24. The Forum is concerned by the limited scale and scope of the research and question whether household and business customers have been presented with a fair and balanced business plan. The research agency advised that some customers felt the six areas prescribed as the focus for this research were not always the most relevant or pertinent areas of interest to them, particularly disruptions for more than 3 hours and to some extent sewage flooding, for example customer service-related PCs were deemed to be more important to some and the Priority Service related PCs for vulnerable customers.

The Forum is satisfied that the learnings and suggested changes to the research at the qualitative stage were implemented in readiness for undertaking the quantitative stage of the research.

Yorkshire Water

Affordability and Acceptability Testing

Following a discussion with the Forum at the June 2023 meeting it was agreed that the company should undertake its own Acceptability and Affordability Testing with customers given the perceived limitations of the Ofwat methodology, such as partial demonstration of the plan (6 performance commitments) and lack of historical performance for context. This qualitative and quantitative research was undertaken with a representative sample of current and future household customers and non-household customers.

The Forum challenged the company to ensure the research was not a duplicate of the Ofwat methodology. The company provided draft research materials and stimulus for comment, as well as a video summarising the business plan. The Forum provided feedback on the materials and are content that they provide a balanced view of both good and poor performance.

The Forum is conscious that this research was undertaken predominantly online but given the limited time available accepted this as the best option available to the company. The Forum challenged the company to ensure that the findings from this study were balanced and fairly represented in the final business plan given the approach taken.



This is section four continued

Customers and communities

Your Water, Your Say

Your Water, Your Say' (YWYS) is a new addition to the business planning process. These open forum events are designed for customers, stakeholders, interested parties and regulators to challenge water companies on their plans. The Yorkshire Water event was held in June 2023. The Forum was encouraged to see the company represented by Nicola Shaw, CEO, and the Executive team of Yorkshire Water. The event was well attended by a cross-representation of household customers, business customers, stakeholders, community groups and non-government organisations. The Forum also acknowledged the breadth of questions posed to Yorkshire Water at the event which included topics on water supply and leakage, storm overflows, flooding, pollution, bathing water quality, executive pay and reward, vulnerability, and consumer awareness and engagement. However, the Forum did observe feedback from companies who have been trying to engage with Yorkshire Water recently with little or no success. The Forum has therefore challenged Yorkshire Water to look at how it improves its approach to partnership working in the communities of Yorkshire.

The company shared the YWYS draft presentation slides with the Forum, for input and feedback, as well as requesting support in disseminating the events details to our network and contacts, which included the most vulnerable and marginalised groups.

The Forum was content with the company's promotional reach which included channels such as the company website, Facebook, Twitter, LinkedIn and Instagram, as well as to customers signed up for marketing emails. The company promoted the event to non-household retailers who look after billing and customer service relationships with business customers. The company also overlaid registration postcodes on Indices of Multiple Deprivation to help consider more targeted promotion of the event and allocated funding to undertake targeted promotion of more vulnerable customers, BAME communities, and younger customers.

The Forum was encouraged that the company had liaised with other water companies who had undertaken similar events. The company obtained insight into paper targeted communication e.g. communications that are not online. Unfortunately, the efforts in targeting underrepresented groups via paper-based communications did not yield good results for other water companies in terms of increasing attendance from vulnerable or underrepresented groups to the session.

Overall, the Forum felt that the event was run effectively, and see these events as a positive addition to the price review process. The Forum encourage Yorkshire Water to consider running similar events in the future, perhaps smaller sessions on specific themes and issues and/or involving specific groups or communities of customers.

Whilst a positive addition, the Forum is currently unclear how the 'Your Water, Your Say' events will be evaluated by Ofwat within its own assessment of plans. The Forum ask Ofwat for further clarity and transparency via the CCW Challenge Co-ordination Group as to how it intends to incorporate the feedback consistently across the industry into its final assessments.

At the time of writing, Yorkshire Water was planning a second 'Your Water, Your Say' event in November 2023, which will be an opportunity for the company to feedback what has been submitted to Ofwat. The Forum looks forward to having further engagement and challenge with Yorkshire Water on the content and approach it will take. The Forum has challenged Yorkshire Water to ensure all customer groups across the region have equal opportunity to attend or join the session, and particularly ask Yorkshire Water to consider customers who may be hard to reach or live in inner city areas, which are often overlooked. Further details of the 'Your Water, Your Say' events can be found below.



This is section five

Focus on the long-term



This is section five

Focus on the long-term

It is well documented that climate change is leading to increasing summer temperatures which cause higher risks of drought, as well as wetter winters leading to increasing risks of flooding. The population in England is forecast to grow by over 10 million people by 2050, with a large part of this growth occurring in areas where water is already scarce. In Yorkshire and the Humber, the population is expected to increase by 400,000 people. The changing climate and growing population are also putting pressure on an ageing sewerage network. Population growth and new development increase the flows entering the network.

More intense rainfall can overwhelm the wastewater system and cause sewer flooding and environmental pollution. Yorkshire Water needs to maintain resilience to a range of pressures in both the short and long-term, from pollution of water supplies through to servicing the needs of all customers in the region. To ensure it prepares for the effects of climate change and population growth, Yorkshire Water has developed a medium and long-term strategy:

- 10-year corporate strategy.
- Long-Term Delivery Strategy.



Yorkshire Water has engaged the Forum on the development of its 10-year corporate strategy. The Forum was briefed on the development of the 10-year strategy in January 2023. Whilst the Forum had not been consulted on the development of the strategy as in previous years, it is content that the general approach and focus is consistent with customer priorities. The Forum was asked to comment on an early version of the strategy, in which feedback was provided specifically on the wording of the ambition. The Forum felt it was not in keeping with the economic climate of Yorkshire. The company subsequently reworded the ambition to reflect feedback from the Forum.

In June 2023, Yorkshire Water presented a high-level overview of its 10-year strategy at the 'Your Water, Your Say' event. The ambition of the strategy is to have 'A thriving Yorkshire: right for our customers, right for the environment' which will be the basis for ensuring:

- Secure, safe clean water supplies.
- First-class customer service.
- Bills everyone can afford.
- Modern and sustainable infrastructure.
- Net zero carbon emissions.
- Looking after our natural environment.

The Forum asked Yorkshire Water how customers had informed the development of the strategy and if the themes reflected their feedback. Yorkshire Water confirmed it had applied feedback from its research programme to develop the priorities, including insight from 'Valuing Water', 'Water Resource Management Plan' and 'Drainage and Wastewater Management Plan' research. It had also considered industry research undertaken by CCW and Ofwat, particularly its priorities research and elements of CCW's customer experience research. The company conducted further research on a final version of the 10-year strategy with customers with its online community, in which it received support from 70% of customers surveyed.

The Forum challenged Yorkshire Water on how it intended to cascade the strategy to service partners and contractors, given that many of these are in customer-facing roles. Yorkshire Water are aware of the potential difficulties in doing this but will work with the Forum to ensure delivery is as effective as possible. The Forum will continue to engage the company on the roll out of its strategy.

This is section five continued

Focus on the long-term

Developing strategies and plans to adapt to the impacts of climate change is crucial. This may include conducting vulnerability assessments, identifying areas at higher risk of water scarcity or flooding, and implementing measures to mitigate these risks, such as improving water and wastewater network design and storage capacity. The Forum is encouraged with the investment plans to deal with growth, such as schemes in Catterick, North Yorkshire, and address river pollution performance through the upgrading existing storm overflows at Rivadale, West Yorkshire.

The Forum is encouraged with investment plans to improve the company's service to customers as its current C-MeX position (11th out of 17) requires improvement. The company is aware of this and is planning to invest further in its online service for customers, but the Forum would also like to see further investment for communities who may be marginalised or digitally disengaged.



To ensure Yorkshire Water is making the right decisions for the long-term, Ofwat has requested that companies set out their next five-year business plan in the context of a 25-year Long-Term Delivery Strategy (LTDS). The LTDS should be informed through several factors, including customer engagement, which sets out the company's long-term plans for water resources, wastewater network capabilities and treatment.

The Forum acknowledges that predicting what investment will be required over the long-term is difficult and at times unreliable, particularly given the current uncertainty in the economy and cost of living challenges many customers face. Therefore, Ofwat have asked that companies consider 'core and adaptive pathways' within their LTDS which are designed to adjust investment decisions based on pre-defined triggers, for example, changes in customer demand or requirements for increased levels of planned investment.

The company presented its LTDS in August 2023, and so the Forum have only been able to comment and provide observations to the content and direction, but it acknowledges the strategic importance this strategy has upon current and future customers.

The company presented 7 scenarios relating to the testing it had undertaken to develop its core pathways. These comprised on 4 common reference scenarios based on Ofwat requirements (climate change, technology investment, water demand and abstraction reduction) and 3 wider reference scenarios based on Yorkshire specific requirements (loss of landbank relating to sludge use, lead free Yorkshire and chemical removal).

The Forum challenged the ambition of some of the targets set and how they had been tested with customers, for example, the company has set a target of 291 internal sewer flooding incidents by 2050 which the Forum felt is still very high. The company confirmed it would be testing the targets with customers through its LTDS research programme and would present the findings back to the Forum when complete.

The Forum also challenged the company on the reliability of the external modelling data it has used to develop its scenarios, particularly considering recent external reports suggesting previous climate change forecasts have been underestimated, for example ice sheet loss. The company acknowledged this and confirmed it had used UK Climate Projections 2018 data, however, future data releases will be incorporated into the scenario modelling. The LTDS will be refreshed every five years and any significant changes to the data may trigger a revision of an existing pathway or the development of an entirely new pathway. The Forum expects to be engaged and consulted in any future decisions.

This is section six

The Environment



This is section six The Environment

There has been significant media coverage and political scrutiny throughout 2022 and 2023 of water companies' poor environmental performance, in particular storm overflow pollution into rivers and inland and coastal bathing waters. Yorkshire Water's performance has also been under question in this context. Whilst the company has been steadily reducing its overall number of pollution incidents, its performance in the top two categories has been rather more mixed. The Forum has challenged the company on its current environmental performance and questions whether enough is being done, and quick enough, to improve its position. This is despite the company's plans for a significant uplift in investment required from customers to deliver its environmental obligations between 2025 and 2030. The water sector overall has responded to the recent pressure on storm overflows by committing £10 billion investment to reduce pollution performance over the next 10 years.

The Forum has challenged the company on its current environmental performance and questions whether enough is being done

Yorkshire Water, like other water and sewerage companies, has to meet complex and extensive environmental obligations (e.g. Urban Waste Water Directive, Water Framework Directive). The Environment Agency and Natural England jointly produced the Water Industry Strategic Environmental Requirements (WISER) which sets out the legal environmental obligations and expectations of water companies. It provides the advice on legal obligations and asks companies to consider enhancements beyond the statutory minimum where there is customer support and, wherever possible, identify opportunities for working in partnership in order to achieve wider benefits.

The company presented its anticipated costs associated with meeting these latest obligations which are significantly larger to that when Yorkshire Water last completed its business planning process five years ago. The company explained that the increase is due to additional enhancement expenditure required to meet the regulatory requirements in the 2025 to 2030 period. The Forum discussed the additional enhancement areas with Yorkshire Water and recommended that these were tested within the customer research programme, along with expected bill impact to customers.

Whilst pollution incidents from storm overflows is a significant issue which the Forum have continued to challenge Yorkshire Water on, the company is currently investing £180m into storm overflow improvements by 2025 (with a target to improve the equivalent of 190 overflows). This investment programme will continue during 2025 to 2030 in which a further 211 overflows (equivalent to 640km of river) will be addressed on bathing waters and areas of high priority. The Forum considers this issue of significant importance to both customers and the environment and acknowledge the investment being made to improve overall performance; however, it also acknowledges that the scale of the challenge indicated by the introduction of storm overflow discharge monitoring is immense.

The plan for 2025 to 2030 is to implement nature-based schemes to at least 20% of Yorkshire Waters storm overflow reduction interventions. The Forum is aware of the current performance position for pollution and the level of enhancement expenditure required to meet its pollution targets during the 2025 to 2030 period. The Forum is concerned that bringing forward the required investment to meet its statutory obligations will limit the company's ability to implement nature-based blue/green solutions, instead opting for more traditional grey solutions, and because of the scale of further increased programmes in the long-term, for this issue to continue repeating. Therefore, the Forum expect further engagement with the company on its plan for recovery to ensure expected performance levels are met ahead of the new business plan period. The Forum hopes that Ofwat will also give consideration to how this issue can be better addressed in future guidance.

The Forum also recognises the future requirements for companies to assess pollution performance data and ask the company to prepare for any potential impact on performance and ensure it has plans in place to lessen the risk of this. Implementing robust monitoring programs and investing in advanced water treatment technologies can help prevent pollution incidents and safeguard water supplies.

This is section six continued

The Environment

The Forum has always supported the adoption of nature-based solutions as these are proven to slow the flow of rainwater into the wastewater network, hence reducing demand on storm overflows, as well as providing significant biodiversity and flood protection benefits for communities. The Forum encourage Yorkshire Water to continue its work on sustainable drainage systems such as the work it has undertaken with 'Living with Water' in Hull and 'Connected by Water' in Sheffield. The Forum encourages Yorkshire Water to significantly increase the ratio of blue/green and grey solutions it plans to undertake during 2025 to 2030. Implementing sustainable stormwater management practices can help reduce the risk of sewer flooding and environmental pollution. This can involve the construction of green infrastructure, such as permeable pavements, rain gardens, and bioswales, which can capture and infiltrate rainfall, reducing the volume of stormwater entering the sewer system.

The Forum welcomes the focus and investment being placed on pollution performance, particularly around ammonia and phosphorus removal in sewage, however, the company has not presented any in-depth analysis on the environment programme compared to other price reviews. This is mainly due to the suspension of the Environmental sub-group due to resource limitations at Yorkshire Water. Therefore, the Forum cannot provide assurance that the programme is deliverable and if the correct investment is being allocated over the next five years. The Forum asks the Yorkshire Water Board if further investment can be made through additional shareholder investment to prevent pushing funding further into the future and/or to reduce the cost to customers through bills.

As well as pollution performance, the Forum has challenged Yorkshire Water on its investment plan for future water resource management. The impact of climate change on drought resilience is becoming more pressing with increased prolonged dry weather in the summer, as seen in 2022 when most companies, including Yorkshire Water, imposed water restrictions including hosepipe bans. Yorkshire Water will address this through demand reduction programmes with both household and business customers. From a supply-side perspective, the Forum acknowledge the approach Yorkshire Water is taking to reduce leakage by 11% between 2025 and 2030, with a long-term target of 50% by 2050, through the roll out of smart meters and mains renewal programmes. However, the Forum has had minimal engagement with the company on the development of its Water Resource Management Plan (which in July 2023 was still to be determined) and are aware that there remains the risk that the targets required to deliver the obligations may be beyond the level of investment available. . The company has shared its 2020 to 2024 forecasts for water performance commitments what will apply for the 2025 to 2030 period. The forecasts suggest that most of these could fail to meet the targets set. The Forum have questioned what impact this will have on the company's ability to make up this shortfall.

The Forum has challenged Yorkshire Water on its investment plan for future water resource management



This is section six continued

The Environment

The Forum is aware of the company's target to reduce household per capita consumption from 130 litres per head per day, to below 100 litres per head per day by 2050. It also has an ambition to achieve 80 litres per head per day by using grey water solutions in new developments within the same period. However, the Forum challenge Yorkshire Water to consider how it will work with the business retailer market, as well as household customers, to achieve these targets whether this be through the promotion of water-saving practices, such as installing water-efficient fixtures and appliances, implementing leak detection programs, and providing educational campaigns on responsible water use. The Forum is also keen to discuss options for implementing an integrated approach to water resource management, such as considering alternative water sources like rainwater harvesting and greywater reuse.

Given the potential size of the investment needed to meet its environmental obligations during 2025 and 2030, the Forum remains concerned around the company's ability to both finance the programme and deliver it. The Forum is particularly focussed on performance commitments relating to internal sewer flooding, leakage, pollution and bathing water quality. The Forum questions whether the company has clearly set out the initiatives required to meet the highest standards in customer service and operational delivery. The Forum is aware of the additional pressure the performance standards will place on the capacity and capability of Yorkshire Water's service partners, existing workforce and technology investment required to deliver its programmes. The Forum also requires further details of the company's customer communication plans if it is to achieve its per capita consumption targets through sustainable customer behaviour change.

During the 'Your Water, Your Say' event, attendees asked how they could work with Yorkshire Water on addressing the issues faced by the company. The Forum believes that engaging in collaborations and partnerships with local authorities, environmental organisations, and other stakeholders can help share knowledge, resources, and expertise. This can lead to more effective solutions, improved coordination during emergencies, and the development of joint initiatives to address water-related challenges, for example improved bathing water quality and coastal infrastructure improvements. The Forum encourage Yorkshire Water to look at ways in which it can foster more collaborative working. By implementing these strategies and initiatives, Yorkshire Water can enhance its resilience, address the challenges posed by population growth, changing climate patterns, and protect the water resources and services it provides to customers in Yorkshire.

The Forum believes that its Environmental subgroup has been its greatest strength in previous price reviews, regrettably these did not meet in 2022 and 2023 because of the lack of availability of Yorkshire Water staff. However, following a meeting with the company Executive team in July 2023, it was agreed that the Environmental sub-group would be reinstated moving forward, but dates are yet to be confirmed.

During the 'Your Water, Your Say' event, attendees asked how they could work with Yorkshire Water on addressing the issues faced by the company.

This is section seven

Affordability and Vulnerability



This is section seven

Affordability and Vulnerability

A key element of the price review process is understanding the different needs and priorities of customers in Yorkshire and the Humber. According to the latest 2021 census, the population in Yorkshire and the Humber is predominantly white (85.4%), with non-white minorities representing the remaining 14.6% of the population. Asian people were the largest minority group in Yorkshire and the Humber accounting for 8.9% of the population, and 117,643 or 2% of the Yorkshire and the Humber population are black. Yorkshire Water also serve one million customers living with an illness or disability and 188,000 customers who are currently living in water poverty. Places such as Bradford, Leeds, Sheffield, and Kirklees are some of the most deprived areas within the region, for example over 57% of the Bradford district households fall into the Office of National Statistics category for deprivation, which is approximately 6% above the national average.

Yorkshire Water has undertaken its 'Valuing Water' research over the last three price review periods which provides a longitudinal understanding of the changing needs and priorities of customers. This activity is crucial to setting out the priorities which Yorkshire Water should consider within its business planning process. This research involved a representative sample of household customers, business customers and future customers. The Forum challenged the company to ensure the needs of the most vulnerable customers were heard and were satisfied that the company engaged with customer representative bodies, such as debt, mental health, and age and mobility charities in undertaking the research, as well as directly with customers who were digitally disengaged or vulnerable.

The Forum noted the significant increase in customers prioritising 'keeping bills affordable for all', rising from seventh in the 2017 study to second in the 2022 study. The Forum acknowledges that although the majority of customers felt their water bills were reasonable, a third worried about not being able to pay their water bill in future. The Forum understands from previous company and industry research that most households focus on short-term challenges which have an immediate impact on themselves. With the cost-of-living crisis at the forefront of many minds and an expectation that this will get worse over the next 12 months, the Forum has asked the company to consider the potential increase in the numbers of customers who will be seeking financial help from Yorkshire Water in the near future.

It is vital that Yorkshire Water plays its part in helping customers to be able to pay their water bills. They can do this by keeping bills affordable and offering support for those who are struggling to pay their bills. Many of the challenges and pressures identified earlier in this report are being addressed within the five-year plan Yorkshire Water is proposing.



Support for customers

The investment plan for 2025 to 2030 is valued at approximately £8bn (best estimate), which is a significant increase from PR19 (£5.3bn) and will require customer support through increased bills. Yorkshire Water has kept the Forum informed of its developing approach to supporting more customers during 2025 to 2030 both through its financial support schemes and Priority Services Register.

The Forum has been generally supportive of the company's response to the Covid-19 pandemic and cost of living challenges faced in the region over the last few years. It is one of a few companies in the sector which has contributed additional financial support to these schemes, approximately £15m. However, the negative impacts of the cost-of-living crisis, and the Covid-19 pandemic have been significant as they exacerbated the existing vulnerabilities of poverty and inequality across the region. With the predicted increase in customers requiring support moving forward, the Forum asks the company to do more, particularly for those customers who may be falling into poverty or debt for the first time.

Financial support and Priority services

Yorkshire Water presented its modelling data to the Forum in July 2023 which estimated that 9% of Yorkshire and Humber households may be in water poverty, meaning their water bill accounts for over 5% of their household income after housing costs are taken into consideration. The company also forecast that 33% of these customers are likely to be higher than average earners. Further to this, approximately 320,000 customers could be classified as being in 'economic deprivation' of which 200,000 could be applicable for one of the financial schemes offered by the company. The Forum challenged the company to invest in effective targeted communication campaigns to increase awareness of the schemes available, particularly given approximately 82% of customers who get out of debt through payment matching schemes, such as Resolve, maintain payments and stay out of debt.

The Forum is encouraged that the company intends to increase its financial support target to 125,000 customers by the end of 2024. The Forum sees this as a positive step forward for the region and encourage the company to continue to work with partners and other organisations, such as debt charities and councils, to further its reach to those customers who may be hard-to-reach or digitally disengaged (currently reaching 20,000 customers each year). The Forum has also challenged Yorkshire Water to consider customers who may not yet be in debt but may be at risk of becoming so for the first time, for example householders with mortgages or lower/middle-income family households. Insight derived from the company's 'Affordability and Vulnerability' research indicated a potential gap in its current product portfolio for customers with low incomes and lower than average water bills.

Other developments such as the introduction of bandings for social tariff schemes such as WaterSupport and setting annual tariffs at water poverty modelling levels rather than an average bill are seen as improved ways of protecting customers by the Forum. However, the Forum acknowledge that these initiatives will require significant funding given the potential number of customers that will benefit. The Forum will continue to engage and challenge the company as it develops its' thinking on these initiatives, particularly within its ongoing social tariff customer research activity.

The Forum considers the measures Yorkshire Water has put in place for those who may struggle to pay their bills are effective for the target audiences and that the company is focussing on the schemes that will have most impact for those facing affordability worries. The Forum challenged the company on the level of contribution it provides to its social tariff scheme and welcomed the steps it has taken to increase its overall company contribution for the period 2025 to 2030. The Forum believe that focus should be given to debt prevention because it removes unnecessary worry for customers and prevents future debt costs.



This is section seven continued

Affordability and Vulnerability

Priority Services

Yorkshire Water has approximately 170,000 customers registered on its priority services register, with plans to double this number by the end of 2024. The company explained it is planning to automatically register all customers over the age of 85 for its bottled water delivery service in case of an incident. The Forum supports this initiative but challenged the company to lower its age limit to over 65's which would be similar to that in the energy sector. The company confirmed it had considered this but currently has no supporting evidence from customer insight to lowering this age limit.

The Forum has also challenged the company to implement effective targeted communication campaigns to raise awareness of the priority services register. Insight from credit reference agencies suggest over 300,000 households across the Yorkshire and the Humber region may be able to benefit from the services provided. However, the lack of understanding as to who and where these household are is an issue for the company. Investment in technology through customer relationship management systems and online self-serve, as well as implementing data sharing agreements with energy suppliers, for example, are supported and encouraged by the Forum.

Wider Support

Outside of the regulatory requirements, the company also provide areas of additional support to customers. For example, allowances for customers in debt, leakage allowances and supply pipe repairs, special payment arrangements and breaks, translation services for both inbound and outbound calls, and communication provided on different coloured paper if customers require it. The Forum is very supportive of these and encourages the company to continue to raise awareness of their availability with customers during 2025 to 2030.

Bill profiling

The company has discussed the likely impact on bills with the Forum throughout 2023. Historically, customers have told the Forum that they prefer stable bills throughout the five-year period as this reduces the risk of bill shocks and helps them manage household bills more effectively.

The Forum is conscious that the potential bill increase for the 2025 to 2030 period could be significant given the size of the statutory programme. Therefore, the Forum asked Yorkshire Water to test bill profiling options with customers in preparation of finalising

its business plan.

In response to the Forums request, the company tested three bill profile models with customers on its online community. The three models consisted of **1.** a gradual year on year increase (rising), **2.** a variable increasing profile based on natural cost (natural) and, **3.** a large increase in year one and a flat bill for the remaining period (average). Whilst the Forum acknowledged that the research was to test customers preferred bill profile, it was disappointed that the original research scope did not include actual costs to provide a clear understanding of the bill impacts to customers. However, on reflection of this challenge the company included actual bill amounts in the testing.

Insight from the research showed a preference for either a natural bill profile or an average bill profile, there was little support for the rising bill profile option. The company presented further analysis which split the data by financial and non-financial vulnerability. This data presented a clear preference for an average bill profile from financially vulnerable customers. The company recommended that this profile be applied across the five-year business plan, which received support from the Forum.

However, following a company Board meeting in September 2023, it decided to implement the natural bill profile as that was the overall preference of all customers. The company explained that the natural bill profile would mean a lower bill for customers in the early years of the period 2025 to 2030 which will help customers with any cost-of-living challenges. The company stated that the decision had been made in the context of the level of bill reduction for the most financially vulnerable customers via its increased social tariff contributions. Whilst the Forum understands the rationale for how the company has calculated the bill size and profile, the Forum remains concerned at the scale of the overall increase for all customers.

Overall, the Forum believe that Yorkshire Water recognises and acts upon its responsibilities towards customers experiencing financial difficulties and has a wide range of schemes that provide help. The Forum expect Yorkshire Water to continue to identify and meet the needs of customers struggling to afford to pay their bills and welcome the range of services that the company provides. However, the Forum also challenge the company to improve overall awareness of these schemes and would expect them to be performing in the top quartile.

This is section eight Business Plan



This is section eight Business Plan

The Forum has engaged with Yorkshire Water to ensure it responds to customer preferences and priorities in developing its business plan, but at the same time not leaving itself vulnerable to setting unachievable performance commitment targets.

The size of the statutory investment programme presented to the Forum throughout 2023 has been considerable, mainly driven by the need to deliver the company's environmental legal obligations. In its discussions with Yorkshire Water, the Forum has been keen to explore if the proposed business plan is credible, financeable, affordable, and deliverable.

The company has acknowledged that performance standards have fallen short over recent years in areas such as pollution, sewer flooding and unplanned water interruptions. The Forum has challenged the company on how it intends to achieve its forecast performance commitment position by 2024 and has questioned the company's ability to fund and deliver this level of improvement. The Forum welcomed the company's decision to repay £940 million of intercompany loans before the end of March 2027, but remain cautious as to whether the recovery plan is credible given that most of the activities planned for recovery are already being undertaken.

Proposed performance standards

The company discussed two business plan scenarios with the Forum, a preferred plan which included their proposed total expenditure and as a comparison, a higher cost option that included additional choices of enhancement expenditure. The Forum asked whether the average increase in customer bills differed between the two scenarios. The company illustrated that the increased enhancement expenditure was associated with a very significant increase in average customer bills. The company stated that the impact on average customer bills was one of the key considerations when evaluating the size of the business plan. The Forum challenged the company to test the level of customer acceptability and affordability of the plan following Ofwat prescribed guidance.

The proposed draft plan presented to the Forum in July 2023 totalled £8.3 billion. This plan included assumptions based on early cost adjustment claims, allowances, enhancement expenditure and economic factors, such as inflation.

The Forum has consistently challenged the company to be ambitious in its business plan and acknowledge the company's targets to become a top quartile performer in 10 common performance commitments (including sewer flooding, pollution, per capita consumption, and unplanned interruptions to supply), and a median level performer in 7 common performance commitments (including storm overflows). The Forum is disappointed that the company plan to be a low quartile performer for 3 performance commitments, which includes sewer collapses and bathing water quality.

Bespoke performance commitments

The company presented findings of its review for the inclusion of bespoke performance commitments in the PR24 business plan. Based on Ofwat's criteria for the inclusion of bespoke performance commitments, the company has recommended not to include these in its plan. The Forum is confident that this is the correct decision based on the lack of customer support and limited local circumstances where a bespoke performance commitment would be applicable. The Forum also acknowledges the independent review undertaken by Atkins, which provides further assurance.

The Forum will continue to review the performance of the company's common performance commitments, as well as other areas of company performance, throughout the period 2025 to 2030, ensuring Yorkshire Water provide timely and accurate performance management information.



Efficiency and allowances

The Forum has challenged the company as to whether the proposed business plan is credible. The level of investment required and lower than expected performance requires significant productivity improvements, which need to be balanced with expected year-on-year efficiency improvements. The Forum is cautious of any further potential cost efficiencies and believe that is the reason why the company has found itself in such difficulties because it has sought to be a very efficient company in the past. The Forum ask Ofwat to consider this in its assessments to protect customers from any potential deterioration in service.

The company has identified areas of long-term risk which it requires additional allowances to make the plan deliverable, for example water main replacement and water treatment asset health. These additional allowances would be requested on a 'use it or lose it' basis whereby the company commits to an additional amount of investment in asset replacement over and above the base plan and if they do not spend it, the money is given back to customers. The Forum ask Ofwat to agree to this to protect customers over the long-term.

The Forum remains concerned as to the perceived low levels of asset replacement and whether this could be building problems for the future.

Supply chain capacity

A key aspect of assessing whether the business plan is deliverable is ensuring there is enough capacity within the supply chain. The Forum has challenged the company on this given the extent of the enhancement programme between 2025 and 2030. The Forum is concerned that water companies across the industry are increasing their activities therefore putting demand on the same resource pool. The company has acknowledged this risk and confirmed that their procurement and asset delivery teams were engaging with suppliers regarding their investment plans to mitigate issues with lack of resources. The Forum encourages the company to invest further in its apprenticeship programme.

Company culture towards customers

Along with water, wastewater and environmental service delivery, the Forum has challenged the company on its ambitions for delivering a great customer service experience to its customers. Insight shows that customers expect the company to provide an excellent service and are disappointed when performance lags behind the industry. Therefore, the Forum has challenged the company on setting ambitious targets for its three experience measures, C-MeX (household customer experience), D-MeX (developer services experience) and BR-MeX (business retailer experience).

C-MeX

Yorkshire Water are currently ranked 11th out of 17 companies for its customer service to household customers. The Forum has consistently challenged the company to improve its position which it intends to do ahead of the new five-year period. From its targeted starting position in 2025 (8th), the company plans to improve its position to a top quartile performance position of 4th in the industry. The Forum welcomes this ambition but expresses caution about the company's ability to implement the required technology on time.

The Forum acknowledges the ongoing development of the revised design for C-MeX (expected to be finalised by autumn 2023) and look forward to engaging further with Yorkshire Water and Ofwat over summer 2023.

D-MeX

As with C-MeX, the company needs to improve its service experience to Developers. Yorkshire Water remain a poor performer ranking 17th out of 17 companies in the industry league table. The Forum has challenged the company to improve its position and they have set an ambitious target of becoming 6th by 2030, meaning they will become a top quartile performer. This is welcomed by the Forum, but it has expressed caution as to the company's ability to fund the required digital developments required.

BR-MeX

This is a new measure for PR24 which is currently in development. Ofwat are planning to launch a pilot during 2023/24 which will likely incorporate two elements: B (the business customer measure of experience) and R (the retailer measure of experience). Based on its own analysis, Yorkshire Water is targeting to maintain a position of 6th across the 2025 to 2030 period. This would place the company as a mid-industry performer.

This is section eight continued

Business Plan



Financial Resilience

In August 2023, the Forum met the company to better understand its financial position ahead of the 2025 to 2030 period. The financial resilience of the water sector has been under significant regulatory and media scrutiny over the past couple of years and the Forum sought reassurance from Yorkshire Water that it was in a good financial position over the long-term, and that customers were sufficiently protected against significant bill impacts.

The company explained its financial structure, outlining the amount of revenue generated from customer bills, the level of expenditure it has undertaken on capital schemes, as well as the level of debt and interest payments it has. The Forum challenged the company in its current level of gearing (the ratio of the company's debt relative to its equity) which is currently 72%. The company explained that whilst the appropriate level of gearing is subjective and continues to be a topic of debate within the sector, it always looks to manage the business in a responsible way. It explained that it is generally cheaper to borrow cash (debt), than it is to raise through shareholders (equity), as the interest rate repayment value is generally more favourable for customers over the long-term. Yorkshire Water confirmed that its interest payments in 2022/23 are equivalent to around 14% of revenue. However, the company states that customers are not directly impacted by Yorkshire Water's actual gearing and interest charges. Ofwat sets the parameters that determine the revenue that can be charged to customers, which includes an allowed return that Yorkshire Water can earn on the regulated capital value based on estimates around gearing, cost of debt and cost of equity. Therefore, the company states that customers are protected through Ofwat's regulated capital value mechanism.

Whilst Yorkshire Water has been subject to financial pressures including weather events, such as drought and dry weather, as well as increased inflation, it has been able to demonstrate to the Forum that it has managed its costs effectively.

The company has presented a strong liquidity position of up to 15 months which has been achieved through repayment of an intercompany loan, extension of a credit facility and a bond issuance. The Forum is satisfied that the company is in an acceptable position to protect customers.

The Forum also challenged the company on its future debt profile. The company presented its forecasted debt maturity model up to 2040 and provided an overview of how it intends to manage this over the period 2025 to 2030. The company has secured a plan for the repayment of loans with the remaining intercompany loan being paid by 2027, however, the company will still require additional funding to support its capital programme, including storm overflow investment and any early start programmes ahead of 2025.

Whilst the Forum recognises the efforts Yorkshire Water has made to be more transparent in its financial reporting over recent years, it has challenged the company to produce much more simplified and clearer financial reporting for public use. The Forum believes this would help mitigate against negative public perceptions of water sector finances such as Director's salaries, profits, and dividends.



Whilst the Forum recognises the efforts Yorkshire Water has made to be more transparent in its financial reporting over recent years, it has challenged the company to produce much more simplified and clearer financial reporting for public use.

This is section nine

Forum Recommendations



This is section nine

Forum Recommendations

The PR24 price review has seen many changes to that of previous price reviews, whether that be relating to the level of engagement the Forum has had with the company, or the introduction of the collaborative approach to engagement by Ofwat and CCW. However, the most critical factor is the cost-of-living crisis customers have faced over the last few years and will continue to do so in the future. As a result of these changes, the Forum recommends the following to be improved moving forward:



- The Forum expects continuous improvement and dialogue with the Yorkshire Water Board and senior management. The recent changes within the Executive team and senior management teams have meant much less engagement than the Forum has previously had. More recently the Forum Chair and Deputy Chair has met with the Yorkshire Water Chief Executive and Non-Executive Director and attended the PR24 Board Committee. It is recommended that the Forum meet with the Yorkshire Water Board bi-annually, agree ongoing and standing agenda items at the monthly Forum meetings and encourage regular briefings on company performance.
- The Forum has challenged Yorkshire Water to re-establish both the Environmental and Affordability & Vulnerability sub-groups. The Forum has discussed this with the Executive team at Yorkshire Water and dates will be confirmed in due course. There are some areas which the Forum have had extensive scrutiny of in previous price reviews, such as the environmental programme, but this has been much less so in the run up to PR24, which are opportunities that have been missed by Yorkshire Water although the Forum understand the reasons why post Competition and Markets Authority inquiry. The Forum feels the lack of engagement compared to previous

years has meant the company falling behind compared to the rest of the industry.

- The Forum expects to have further engagement with Yorkshire Water on upcoming industry consultations, such as the development of the revised customer and finance licence conditions. The Forum brings expertise from across different disciplines which can strengthen, support, and challenge both the company's and Regulator's thinking.
- One key factor emanating from this price review is the need for Yorkshire Water to be clearer and more targeted in its communication with customers, whether that be through promotional campaigns, media, or partners. The Forum recommends that the company supports and invests further in the development of an ongoing communications campaign which explains, as well as promotes, the activities of the company more widely, as well as targeted campaigns for customers for vulnerable customers who may be in need of support.
- The impact of the Competition and Markets Authority appeals process at the end of PR19 had a significant impact on Yorkshire Water's ability to prepare for the PR24 business planning process. The Forum acknowledges the resource requirements during this time but ask the company to prepare earlier for the next business planning process. This will allow the Forum to scrutinise and challenge the company in its preparations and provide guidance on the key aspects of the plan which matter more to customers much earlier in the process.

Considerations for Ofwat

- The Forum ask Ofwat and CCW to review the effectiveness of its collaborative approach to customer engagement during PR24. The Forum believes the research programme has been too restrictive in both scope and scale. The Forum also questions the cost efficiencies derived from the programme following significant delays and ultimately not using the insight from the Outcome Delivery Incentive Rates research programme. The Forum has supported Yorkshire Water in undertaking additional research to overcome these issues.
- The Forum support ongoing open forum events, like that to the 'Your Water, Your Say' events introduced by Ofwat for the PR24 business planning process. The Forum would suggest further events be undertaken by companies on specific or specialist topics, and with specific demographics, such as underrepresented communities, to better understand customer needs and priorities.

This is section ten

Appendix

For access to meeting minutes and a more comprehensive challenge log, please visit yorkshirewater.com/about-us/yorkshire-forum-for-water-customers/



This is section ten

Appendix

Date	Theme	Forum Challenge	YW Response
23/03/2023	Regulatory submissions	The Forum asked YW if it would be receiving draft documents for review for both the DWI and WINEP submissions, including key choices and decisions within them	YW confirmed that they present the statutory submissions to the Forum but acknowledged that the opportunity for the Forum to influence the content had passed
23/03/2023	Draft PR24 Business Plan	The Forum asked YW for a meeting focussed on financeability and the weighted average cost of capital	YW agreed to organise a meeting to discuss these items
23/03/2023	Bespoke Performance Commitments	The Forum advised YW to consider customers needs when assessing the need for bespoke performance commitments	YW agreed and reassured the Forum that they were not proposing to stop measuring areas that fall outside of the common PC framework
23/03/2023	Your Water, Your Say	The Forum asked YW if there was continuity between the two YWYS sessions and whether the company will be wanting a common audience across the two	YW explained that the sessions were separate and will be considered independent
23/03/2023	Your Water, Your Say	The Forum shared their concern as to how to reach digitally excluded customers	YW acknowledged this point and confirmed it was considering approaches to reduce this potential
23/03/2023	Your Water, Your Say	The Forum suggested getting voluntary sector organisations involved to do outreach sessions in different locations	YW agreed and confirmed it would look in to the opportunity
23/03/2023	Your Water, Your Say	The Forum asked YW how it would be measuring the success of the events	YW confirmed it would be keeping a log of attendees so it could assess how well the audience represented its customer base
23/03/2023	AAT Research	The Forum asked YW for clarity on the weighting of this research	YW had no indication around the weighting Ofwat would apply to the research, but would update the Forum following a CCW workshop
23/03/2023	AAT Research	The Forum shared its concern that the prescribed pre-reading materials could discourage some people from participating	YW agreed and confirmed it would share all research materials with the Forum for comment
23/03/2023	Enhancement Programme	The Forum asked YW to share its proposed enhancement programme	YW confirmed it would add this topic to a future agenda item
18/04/2023	Draft PR24 Business Plan	The Forum noted the high investment cost of the Ilkley bathing water scheme and asked the company to be transparent on this cost with customers	YW agreed and confirmed it will consider the Forums feedback
18/04/2023	Draft PR24 Business Plan	The Forum noted that because Ilkley is the first river bathing site in England, customers also need to be made aware of the potential investment needed to support river bathing schemes across Yorkshire	YW agreed and confirmed it will consider the Forums feedback

This is section ten

Appendix

Date	Theme	Forum Challenge	YW Response
22/06/2023	Annual Performance Report	The Forum can only provide 'statements and observations' rather than 'assurance' due to the limited engagement following restructuring	YW confirmed it understood the Forums position on certain items
22/06/2023	Environment	First environmental sub-group date proposed, but no response regarding YW attendees, and date passed	YW still to confirm
22/06/2023	Draft PR24 Business Plan	The Forum advised YW to be wary of further efficiencies as this could impact on future service deterioration based on historical performance	YW confirmed it will consider the Forums feedback
22/06/2023	Draft PR24 Business Plan	The Forum asked YW if the efficiencies in plan were systems/ processes or people	YW confirmed that it will be a mix of both. Plans currently being developed to look at the people strategy, as well as through the capital delivery programme
22/06/2023	Draft PR24 Business Plan	The Forum asked YW if they had a plan to increase/encourage more apprenticeships in AMP8?	YW confirmed that this is currently being reviewed
22/06/2023	Draft PR24 Business Plan	The Forum asked for an additional session on the proposed bill impacts in the draft plan	YW agreed and this was held on 12/07/23
22/06/2023	PR24 Business Plan design	The Forum asked YW to consider digitally disengaged customers when developing the document	YW confirmed it will consider the Forums feedback
22/06/2023	PR24 Business Plan design	The Forum asked if YW were considering making the customer overview summary available in other languages	YW confirmed it will consider the Forums feedback
22/06/2023	PR24 Business Plan design	The Forum asked YW to consider publishing the business plan in adaptive design rather than PDF given different ways of accessing the content e.g. via mobile phones	YW confirmed it will consider the Forums feedback
22/06/2023	Customer Research	The Forum requested that the company provide clearer guidance on the level of representation within its research	YW discussed this further with Forum members
22/06/2023	Customer Research	The Forum asked YW to confirm what Ofwat mean by a 'top down approach' to providing ODI Rates	YW will update the Forum once Ofwat provide further guidance/ clarity
22/06/2023	Customer Research	The Forum supported YW in undertaking additional AAT testing on the plan, this is separate to the Ofwat research design	YW confirmed it will engage with the Forum throughout the development and delivery of this research
22/06/2023	Your Water, Your Say	The Forum mentioned that companies are currently finding it difficult to connect/engage with YW	YW confirmed it is currently reviewing its partnership working strategy
22/06/2023	Your Water, Your Say	What weighting will Ofwat give to the YWYS event feedback in its BP assessments?	YW will confirm with the Forum once Ofwat publish its assessment framework

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Appendix

Date	Theme	Forum Challenge	YW Response
28/06/2023	AAT Research Qual Stage Debrief	The Forum asked YW to review learnings from the AAT prescribed approach, particularly around factors such as volume of content, recruitment of vulnerable customers	YW confirmed a review will take place following submission of the business plan
28/06/2023	AAT Research Qual Stage Debrief	The Forum asked if vulnerable customers were given the option for a family/friend to attend the online/f2f sessions	DJS confirmed that customers were offered this
28/06/2023	AAT Research Qual Stage Debrief	The Forum queried the credibility of the research given the volume of information and high drop out rate	DJS confirmed they had no concerns as the feedback from respondents was credible and similar to other feedback from other AAT testing across the industry
28/06/2023	AAT Research Qual Stage Debrief	The Forum asked if measures such as Customer Service and Additional Company Performance should be included	The Ofwat methodology is prescribed and YW cannot incorporate measures outside of its scope. However YW will consider these in the additional research it is undertaking
28/06/2023	AAT Research Qual Stage Debrief	The Forum will challenge Ofwat through its report to rethink its approach for future Price Reviews given the limitations and challenges faced during PR24	YW acknowledged the comment
28/06/2023	AAT Research Qual Stage Debrief	The Forum have challenged YW to do more to improve Pollution	YW confirmed it will consider the Forums feedback
28/06/2023	AAT Research Qual Stage Debrief	The Forum has asked YW shareholders to invest more to improve Storm Overflow performance	YW confirmed it will consider the Forums feedback
28/06/2023	AAT Research Qual Stage Debrief	The Forum asked DJS if FBPs understood the impact of future price increases to improve climate change and environmental obligations	DJS confirmed that FBPs did demonstrate an understanding of intergenerational fairness during the sessions held
19/07/2023	Social Tariff Research	The Forum asked YW how it will triangulate these findings with other research	YW confirmed it is also considering this in the context with triangulating YWs values with others in the industry for fairness.
19/07/2023	Social Tariff Research	The Forum requested that the company ensure a representative sample of customers be targeted, particularly ethnic minority groups	YW to discuss sample with agency undertaking the research
19/07/2023	Social Tariff Research	The Forum requested that YW provide a view of how customer views have changed over the programme (if applicable) and if so, how does the feedback impact other research.	YW confirmed it will update the Forum when the research is completed
19/07/2023	Affordability and Vulnerability Debrief	The Forum requested information on the ethnicity profile applied to the research	YW provided the Forum with the sample structure used for the research

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Date	Theme	Forum Challenge	YW Response
19/07/2023	Affordability and Vulnerability Debrief	The Forum questioned how the war in Ukraine has impacted the region	YW made reference to the increased costs of chemical supplies and also the potential mental health and wellbeing impacting customers
19/07/2023	Affordability and Vulnerability Debrief	The Forum asked YW to consider other alternative ways of raising awareness of support schemes given the limitations of the existing communication channels used	YW confirmed it is investing in new technology in the next business plan period to improve its customer segmentation capability
19/07/2023	Affordability and Vulnerability Debrief	The Forum commented on how good a piece of research this was and were 'bowled over by it'	YW acknowledged the Forums feedback
20/07/2023	Affordability and Vulnerability Update	The Forum questioned why >85 year old households have been selected for PSR bottled water, not >65 like in energy	YW explained its rationale
20/07/2023	Affordability and Vulnerability Update	The Forum encouraged YW to keep proposed banded tariff structure simple for providers	YW agreed and confirmed it will liaise with the Forum as it develops its approach
20/07/2023	Affordability and Vulnerability Update	The Forum challenged YW to consider those who are not yet in arrears (apply a longer term lense) e.g. mortgage holders and possibly working with partners and 3rd parties to avoid any data protection issues where data protection issues may arise	YW confirmed it is already trying to improve visibility through its community engagement team, but will be extending its activity across its partner and stakeholder network
20/07/2023	Affordability and Vulnerability Update	The Forum asked if YW measures the effectiveness of other support activity outside of the regulatory requirements, as this would 'be worth shouting about'	YW confirmed it is consolidating all its activity into a performance dashboard which tracks and reports its effectiveness
20/07/2023	Affordability and Vulnerability Update	The Forum asked if YW uses credit reference agencies to better understand affordability and vulnerability across the region	YW confirmed it uses two credit reference agencies and is currently developing a credit dashboard
20/07/2023	Business Plan Update	The Forum challenged YW on the size of its proposed bill based on the July position	YW currently looking at bill profiling options to try and mitigate impact to customers. This will be tested in its AAT research
20/07/2023	Business Plan Update	The Forum asked YW if a risk based cost/benefit analysis has been undertaken when reviewing investment phasing requirements for AMP8 (which are not statutory)	YW confirmed that this has been considered in the proposed construct of the plan, but the level of discretionary spend is extremely low for PR24 (majority is statutory)
20/07/2023	Business Plan Update	The Forum challenged the ratio of early solutions between green/blue and grey, and whether this will meet customer expectations	YW to consider customer feedback
20/07/2023	Business Plan Update	The Forum asked how the proposed best case v worst case performance impacts the attractiveness for potential investors	YW acknowledged the comment

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Appendix

Date	Theme	Forum Challenge	YW Response
20/07/2023	Business Plan Update	The Forum questioned why the expected company performance to the end of AMP7 for water is in such a negative position	YW to provide a link to the 22/23 APR and Recovery Plan to the Forum
20/07/2023	Business Plan Update	The Forum acknowledged that the projected improvement in AMP8 is positive, but also recognised that this will come at a cost for customers which needs to be supported	YW confirmed it will test the worse case scenario with customers to gauge levels of affordability and acceptability
20/07/2023	Business Plan Update	The Forum challenged YW to consider its current AMP7 performance when assessing its AMP8 ambition e.g. is the plan credible given the vast majority of activities for recovery are already being undertaken	YW reviewing how credible and financeable the plan is
20/07/2023	Business Plan Update	The Forum asked YW how customer research been taken in to account in the construct of the current version of the plan	YW explained that insight derived from across the company and Ofwat research programme had been taken in to account when constructing the plan
20/07/2023	Business Plan Update	The Forum asked when the final Performance Commitment Levels will be published	YW confirmed it will receive these at Draft Determination, and then again at Final Determination
20/07/2023	AAT Research Update	The Forum suggested that YW apply a sliding scale to determine customer appetite best case and worse case	YW restricted by time so recommended testing worst case only (due to difference being £300, or £3 p/a on the bill)
20/07/2023	AAT Research Update	The Forum highlighted that it seems there is not much (if any) discretionary spend this time round and companies are testing a predominantly statutory plan	YW confirmed this was the case
20/07/2023	Customer-focused condition	The Forum asked YW if companies have been consulted on the development of the proposed outcomes	No formal consultation has taken place, but Ofwat have been speaking to companies, CCW and energy sector
20/07/2023	Customer-focused condition	The Forum asked if ICGs will consulted more formally	YW to request that ICGs are consulted during the formal process over the coming months
20/07/2023	Customer-focused condition	The Forum asked if Ofwat will be consulting on Vulnerabilities	YW confirmed Ofwat will be consulting over the Summer
20/07/2023	Programme Update	The Forum asked YW to confirm when it will see the BP narrative and final bill impacts/financeability	YW confirmed narrative will be circulated in August, with bill impacts and decisions on financeability towards back end of the programme

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Date	Theme	Forum Challenge	YW Response
26/07/2023	Bill Profiling Research	The Forum asked why the three proposed profiling models did not include actual figures or provide a sense of the rises proposed. Concern that it could generate a trust issue with some customers without figures.	YW accepted the challenge and included actual bill amounts in the charts
26/07/2023	Bill Profiling Research	The Forum asked why the profiles presented had been chosen e.g. non-linear rising line, and asked if any other options which might be clearer had been considered	YW explained it would be presenting three scenarios to customers
26/07/2023	Bill Profiling Research	The Forum questioned if any 'offline' interviews were taking place, specifically for digitally disengaged customers or those who may struggle understanding charts	YW confirmed that due to timing, it was difficult to run the research offline. However, the company included descriptors for participants and also prepared the data in table form. It also conformed that 33% of customers on the online community were financially vulnerable customers.
26/07/2023	Bill Profiling Research	The Forum asked YW to review its introductory text to ensure a balanced view e.g. reference to statutory must do	The introductory content was amended following feedback from CCW
17/08/2023	Bill Profiling Research	The Forum questioned whether the preferred option met expectations	YW confirmed that feedback from customers showed a preference for a larger increase in year one and then steady bills for the remaining period. This helps households to better manage finances
17/08/2023	Bill Profiling Research	The Forum asked if any specific customer groups would be impacted by the preferred bill profile	YW explained that no significant difference existed between the 'natural' bill profile and 'average' bill profile, but the 'average' bill profile was preferred by the most vulnerable customers
17/08/2023	Bill Profiling Research	The Forum asked YW if the long-term impact had been shown to customers	YW confirmed the long-term bill profile is being tested within the research programme
17/08/2023	Long-Term Delivery Strategy	The Forum asked YW why some of the targets set within the ambitions still appear to be very high at 2050	YW confirmed that some of the targets set are aligned to statutory targets, but will be tested with customers within the research programme
17/08/2023	Long-Term Delivery Strategy	The Forum asked YW what datasets it had used to develop its scenarios	YW confirmed it had used UK Climate Projections 2018, but will incorporate any further releases in future scenario modelling
17/08/2023	Your Water, Your Say	The Forum asked what involvement it will have for the second event	YW confirmed it would require support in the development of the presentation materials and briefing documents

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Date	Theme	Forum Challenge	YW Response
17/08/2023	Your Water, Your Say	The Forum asked YW if it intends to form partnerships to ensure hard to reach customers are aware of the events	YW confirmed it will consider the Forums feedback
17/08/2023	Your Water, Your Say	The Forum questioned how Ofwat will consider and assess the feedback from the second event within in final determinations	YW provided feedback from the Ofwat briefing session