

**Yorkshire Forum for Water Customers**  
**Minutes of Meeting**  
**22 June 2023**  
**Microsoft Teams Meeting**

**Attendees:**

Andrea Cook	Chair
Chris Griffin	Independent Member
Dave Merrett	Independent Member
John Walker	Consumer Council for Water
Kursh Siddique	Independent Member
Melissa Lockwood	Environment Agency
Steve Grebby	Consumer Council for Water

**Apologies:**

James Copeland	National Farmers Union
Jamie Ashton	Citizens Advice
Tom Keatley	Natural England

**Guests:**

Danielle Skilton	Yorkshire Water
Donna Hildreth	Yorkshire Water
Margaret Crook	Yorkshire Water
Richard Hepburn	Yorkshire Water
Angeliki Stogia	Arup, on behalf of Yorkshire Water
Julian Jacobs	Atkins
Kirsty Novis	Arup, on behalf of Yorkshire Water
Paul Chapman	PR24 Forum report writer

## **1. Minutes**

- a) Minutes from the May 2023 meeting had been previously circulated to Forum members.
- b) The May 2023 meeting minutes were approved by the Forum.

## **2. Actions**

- a) Actions from last month were review, along with outstanding actions from previous meetings.
- b) All actions from the May 2023 meeting were either completed or in progress.

## **3. Annual Performance Report**

- a) The Company gave a presentation of their annual performance report (APR). They explained that all water companies are required to publish and submit (to Ofwat) an annual performance report to demonstrate compliance within their separate price controls. The report must be published by 15<sup>th</sup> July every year.
- b) The main APR document provides commentary on the data in the tables. The APR tables comprise over 10,000 pieces of data. These data are provided by experts across the business and assured internally, and then externally by the Company's third line auditors to ensure the data is robust and acceptable.
- c) The APR includes a statement from the Forum. The Company confirmed that their publishing supplier have received initial content for the Forum statement, and this is expected to be shared with Forum members for review.
- d) The Company are waiting for the content of two of the sections: Affordability and Vulnerability Subgroup statement, and Environment Subgroup statement.
- e) The Forum Chair read aloud comments from Forum member who was unable to attend this meeting. The comments were an expression of astonishment of what the Company are asking from the Forum regarding the APR report, given the Company's awareness of what the Forum have been able to see and comment upon. The comment went on to say that, based on the limited involvement the Forum have had in the Company's work, the member was of the view that the Forum could not give assurance but could only give observations.
- f) The Forum Chair asked whether Forum members had any views of the comments. Comments from Forum members were:
  - i. Forum members expressed agreement with the views, reiterating that they did not have enough information to provide assurance.

- ii. Forum members raised concerns with the lack of involvement in environment issues.
  - iii. Forum members expressed difficulty in providing a statement for the APR on the affordability and vulnerability subgroup and the environment subgroup because neither have met recently.
- g) The Company acknowledges that the two subgroups have not been meeting and expressed the intention to re-establish them.
- h) The Forum Chair stated that the APR statement needs to acknowledge the limitations in their ability to assure the APR document, due to subgroups not meeting and their reduced involvement in some areas.
- i) A Forum member enquired whether the term 'assurance' was correct. The Forum Chair replied that the term 'observation' would be used rather than assurance. By not using 'assurance', they can avoid any suggestion that the Forum is endorsing what they cannot endorse.
- j) The report writer was tasked with preparing the report using honest, fair, and balanced language.
- k) The Company outlined the six performance commitments (PC) that require assurance by the Forum. They explained that a slide deck had been provided to Forum members on how they had performed against their expectations.
- l) For the environment PCs, the Forum stated that they did not feel confident to assure them because they did not have the information necessary to confidently provide assurance. Therefore, they have only provided observations.
- m) The Forum Chair asked what term might be used other than 'assurance'. The term 'reviewed' was suggested.
- n) One of the Company's third line auditors was in attendance.
- o) The auditor presented a summary of findings from their independent technical assurance of the Company's APR.
- p) The auditor stated that they received full cooperation from the Company when undertaking the audit.
- q) Conclusions from the audit were presented:
  - i. 295 methodology and data issues were identified by the auditors. This is a reduction in the number of issues identified last year and a large reduction from two years ago. The issues ranged from non-compliance, errors in the reported data, and areas for improvement.
  - ii. After the Company undertook actions to address the issues, there remains 88 unresolved issues.

- iii. The auditor did not think that the unresolved issue would impact on their overall findings, because they are not critical to the accuracy of the reporting.
- iv. The number of errors or changes required in reported data was 23. Again, this is a reduction from the previous two years.
- v. The auditor stated that the extent to which checks and controls are built into the Company's reporting is generally good, but areas of further improvement were identified.
- vi. The auditor stated that the Company had not met their committed performance levels for several PCs. The auditors said that the Company had explained that this was because decisions were made to prioritise resourcing legal compliance and WINEP delivery over PC delivery.
- vii. The auditor showed a list of PCs alongside their RAG status for methodology and data. Most were green with several amber. There was no red.
- viii. The auditor pointed out that 'total household complaints' was amber for methodology and data. The auditor stated a belief that the Company was over reporting complaints. An explanation for this given. CC Water guidance for complaints came into effect a couple of years ago. The new guidance means that a lot of what used to be recorded as complaints no longer needs to be reported. However, the Company still apply the old criteria (which is a more conservative approach), which led to them reporting more complaints.
- ix. The auditor summarised that overall, they consider that the published metrics provide a fair and reasonable account of the Company's performance in 2022/23 relative to its PC targets.
- r) The Forum Chair thanked the auditor for the presentation.
- s) The Forum Deputy Chair asked for more details on the assurance to be circulated to Forum members for further interrogation, particularly around the CMEX score.
- t) The auditor responded that the Forum can be confident on the robustness of the CMEX score because it is an independent market research company who provides the score. However, there is no real relationship between the number of complaints and the CMEX position.
- u) A Forum member requested clarification on how complaints are being over reported. The auditor replied that although the Company knows the new CCW guidance, they are taking a conservative approach and interpreting some guidance in the old way.

**Action 1:** The Company to circulate details of the auditor's assurance to Forum members.

**Action 2:** The Company to circulate the revised APR presentation slides and the updated affordability and acceptability presentation slides.

**Action 3:** The Forum project manager to add the report writer to the Forum email circulation list.

#### **4. Business Plan review**

- a) The Company gave a presentation of their draft business plan. A full slide deck was circulated prior to the meeting, and therefore the Company requested to only present the status of the plan and current challenges.
- b) The Company stated that the least cost plan had increased compared to the plan's first iteration.
- c) The reasons for the change were that the Company are assuming success of early cost adjustment claims (which have been included), and due to inflation adjustments.
- d) The Company said that in terms of scale and scope, the plan is similar to the last iteration.
- e) Compared to AMP7, the biggest increase in APM8 is in enhancement expenditure.
- f) The Forum Deputy Chair asked whether there would be a bill increase year on year. The Company replied that it has assumed expected bills would need to increase once and they assume a flat bill profile throughout AMP8.
- g) In terms of assessing whether the plan works, the Company stated there were four high-level criteria:
  - i. Is the plan financeable?
  - ii. Is the plan affordable to customers?
  - iii. Does the Company think they can deliver it?
  - iv. Is it credible?
- h) The Company believe that their least-cost plan broadly meets the high-level criteria.
- i) The Company went on to explain potential challenges around the credibility. To make the plan work, the Company will need to deliver significant productivity improvements. A step up in efficiency level is needed, and year on year efficiency improvements is required.
- j) Regarding deliverability, the Company explained the increase in enhancement expenditure is proposed. Because many other water companies are also increasing their enhancement expenditure, there is a

risk around supply chain availability to deliver enhancements to a range of water companies.

- k) The Company highlighted that another challenge to the plan's deliverability is that any underperformance at the end AMP7 will impact future performance. Across several PCs, the Company are not delivering to the level Ofwat assumes the Company can deliver to. This creates additional performance stretch into AMP8 that is unfunded, because Ofwat regards AMP7 performance as fully funded within the PR19 settlement.
- l) The Company explained additional challenge to deliverability. Their current view is that what they are likely to get from Ofwat is less than what the Company thinks it needs.
- m) The Company are working through the deliverability issues.
- n) The Forum Chair provided a word of caution on the potential for efficiency. The Forum Chair believed that a reason why the Company has found itself in such difficulties is because they sought to be a very efficient company. The Forum Chair told the Company to be mindful of the need to stand up (to Ofwat) if they cannot deliver the efficiencies because the result could be a deteriorating service for customers.
- o) The Company thanked the Forum Chair for the observations. Building on this, that Company stated that in AMP7 the Company is spending what Ofwat is allowing them to spend and more. And yet, the Company acknowledged that they are still not delivering against several PCs.
- p) The Company stated that they are responding to the incentives that Ofwat have set them which has meant that they are focussing on delivering against their PCs. This focus creates a risk in areas such as asset replacement, where there is potential to defer decisions because there is no immediate short-term impact on service. But there is an impact of this over the long-term.
- q) The Company explained that there are potential areas where they are considering asking Ofwat – to make this plan deliverable, they will be considering requesting some additional 'use it or lose it' allowances where they will commit to an additional amount of investment in asset replacement over an above the plan and if they do not spend it, the money is given back to customers.
- r) A Forum member asked about the meaning of delivering "efficiencies". The Company clarified that if referred to investment in technology, transformation change, for example.
- s) The Company presented a slide on their draft plan investment.

- t) A Forum member observed that there was a ramping up in engineering investments across the entire water sector. The risk is that to deliver work on the increased scale, the recruitment of more people and apprentices were needed to expand the supply chain workforce. The Forum member asked whether that sort of planning is envisioned by the Company?
- u) The Company acknowledged this risk and explained that they are already considering such issues in the delivery of the plan and gave the example of their procurement and asset delivery teams engaging early with suppliers about AMP8 investment plans.
- v) The Company presented their bill impact modelling.
- w) The Forum Chair suggested arranging an additional meeting focussed on bill impact, to allow Forum members time to reflect on the information presented.

**Action 4:** Additional Forum meeting to be scheduled to cover bill impact.

**5. PR24 Business Plan: Document accessibility, look and feel**

- a) The Company presented the approach taken to develop the 'look and feel' of the business plan, and the accessibility considerations.
- b) The Company explained that they have tried to be as thorough as possible in considering additional needs for readers and would value the Forum's feedback and comments.
- c) There are three required deliverables for the PR24 submission – the main business plan, appendices, and a guide to reading the plan. In addition, the Company have decided to provide an executive summary (about 4 pages). The intent is for the executive summary to serve as a customer and stakeholder friendly summary of the main business plan. The exec summary is currently being developed.
- d) The Company explained that Ofwat expect plans to be more focussed and accessible, and easier to navigate than in PR19.
- e) When considering the look and feel of the document, the Company have considered their own brand guidelines, visual impairments, colour blindness and dyslexia. The Company provided some examples of how these have been considered in the document.
- f) The Company have been thinking about what they can do to assist customers and stakeholders with visual impairments. An example given was to provide plain text versions of the executive summary and – on request – a plain text version of the main business plan.

- g) For documents published on their website, the Company acknowledged that PDF documents have accessibility limitations. Their digital team are considering alternatives, including having read aloud requirements.
- h) The Company asked the Forum for their acknowledgement of the accessibility factors that have been considered, and asked whether the Forum have additional accessibility considerations that Company may have overlooked, or any learnings from PR19. The Company expressed that they would value the Forum's feedback.
- i) The next steps are:
  - i. To bring a 'look and feel' draft of a sample chapter to the July Forum meeting.
  - ii. To bring the executive summary to the August Forum meeting.
- j) Forum members made the following suggestions:
  - i. Having recordings available (e.g., of someone reading the document) on the Company's website alongside the PDFs.
  - ii. Providing materials in other languages or making sure the published format can be used with popular online auto translation tools.
  - iii. That captions are embedded in images for screen readers.
  - iv. A preference that there is no over-reliance on PDF given their accessibility limitations (including issues with PDF formats when reading on a mobile device). There was a general consensus that a PDF document was not the ideal format.
  - v. Text font sizes and text density need to be considered. On this point, the Company said they looked at this issue when deciding on a three-column verses a two-column format. They opted for the two-column format and tried to optimise space between headings and the main body of the text. The Company have also decided to use Arial font rather than their corporate font because Arial is considered better for accessibility.
  - vi. Because individuals with accessibility or other requirements may have their own preferred way of accessing digital text, there was a suggestion that the Company provides the document text in method that is flexible for a range of uses. For example, in a format that enables the font or font size to be changed, or text density to be changed, or suitable for screen reading software, or for use with translation tools.
- k) A Forum member asked what the Company is doing for customers who cannot access the documents digitally? The Company responded that they will be printing the customer and stakeholder version, although this will be mainly for stakeholder engagement events. For household customers, the



Company agreed that a non-digital solution is required and will take this away to consider further.

- l) The Forum Chair felt that the executive summary more important to be provided in printed hardcopy for customers, rather than for the main business plan document.
- m) A Forum member suggested a printed copy of executive summary be posted to customers on request. The Company acknowledged this suggestion.

**Action 5:** To schedule a slot in the July Forum meeting for the 'look and feel' sample chapter of the PR24 main business plan.

**Action 6:** To schedule a slot for the PR24 Exec Summary to be presented in the August Forum meeting.

## **6. Research Programme Update**

- a) The Company provided an update on Ofwat collaborative research ODI (outcome delivery incentive) values. The ODI values were due mid-June. While the majority have been provided, the Company are still waiting for the final value for River Water Quality. The Company expressed disappointment that it is taking so long.
- b) The Company stated that Ofwat have deemed that the values they have extracted from the research to be unusable. This means the Company are no longer able to use the values that they paid for throughout the research. Instead, they are obtaining the values by doing a top-down approach. The Company was unsure what methods the top-down approach used or how the values were derived.
- c) The Forum Chair clarified whether this was for everyone, and the Company confirmed that it was.
- d) The Company then moved on to an update of the affordability and acceptability testing. The qualitative feedback has been that there is a lot of information to digest, and it is often seen as too much. The Company said this finding was unsurprising given the Forum have given similar feedback on this point.
- e) The research found that customers attend with a very positive perception of the Company. However, after being informed that the Company are lagging behind and that they're failing to hit their targets on four of the six PCs, their opinions of the Company change drastically. The Company recognise the reason for this and accept it.

- f) The Forum Chair said that it was better to be honest with customers (as the Company have been) rather than be duplicitous and have customers leave the research sessions with the impression that the Company are performing better than they are. The Company agreed and said they would not hide their poor performance from their customers.
- g) The interim affordability results showed that 36% of customers find the proposed bills affordable and 26% find them unaffordable.
- h) The interim acceptability results showed that 49% of customers find the plans acceptable and 38% find them unacceptable.
- i) The Company said they have not experienced these results before – they have always been able to achieve over 75% acceptability.
- j) The Company asked the Forum what they should do if the affordability and acceptability testing support is low in the quantitative survey. The Company went on to suggest that they could run a ‘more honest’ version of the affordability and acceptability study – where they present the wider plan with all the good things the Company is achieving, while equally making a fair representation of where they are failing.
- k) A Forum member supported further research but made it clear that any further work must add something more, rather than simply trying and get a different answer to the same question. Other Forum members agreed with this point. The Company agreed too.
- l) The Company also stated that they should be fair and need to present the areas where they are failing. However, they are not getting the opportunity to present where they are investing and doing well. The Company felt that this is not a fair reflection on what customers are paying for.
- m) The Forum Chair replied that the study needs to be balanced and commented that currently it is weighted more towards a negative perspective. Customers are entitled to have something that is fair and equitable. The Company agreed.
- n) A Forum member said that CCW would support more research being carried out because they recognise flaws with what Ofwat is doing and the parameters they have defined.
- o) The Forum Chair claimed to have never seen such a narrow set of parameters in all the years they have been involved.
- p) A Forum member asked whether the standard Ofwat methodology was used, to which the Company confirmed.
- q) A Forum member asked whether the Company knows what is happening in other water companies? That is, are other companies seeing similar results or does the Company stand out with these results?

- r) The Company stated that many other companies are in the same position, although some companies (probably higher performing companies) have seen acceptability of around 75%.
- s) The Company suggested that, due to past performance, customers are lacking trust in whether the Company will achieve what they say they will. The Company stated that this may be a reason why acceptability is low.
- t) A Forum member commented that acceptability might be low because customers do not understand what the Company does. There are activities the Company does that customers do not see - this positive work and the benefits to customers is not communicated to the public. The Forum member suggested that the Company does this type of customer engagement.
- u) In the affordability and acceptability testing, customers were asked their willingness to pay for several additional options. The three options presented at the meeting were: improving flood resilience, improving water supply resilience (for customers on a single supply because they are much more at risk for interruptions), and reducing the use of storm overflows (focussed on coastal areas).
- v) Early results indicate that 63% of customers would choose to pay for at least one of the options presented to them, in addition to the bill impact of the 'least cost plan'. Twenty-eight percent would pay for none of the options, and 19% who did not know or did not have enough information to give an answer.
- w) The Company explained that in the quantitative research, they are only allowed to present one plan.
- x) The Company asked the Forum whether they should test a 'least cost plan', or should they include additional options as part of a 'proposed plan' with the additional enhancement options included?
- y) A Forum member pointed out that the Company have support for some of the options to be included (as indicated by the 63% agreeing to pay for some of the additional options) but not for all of them. The Forum member said that the question is, which of the options have a reasonable level of public support?
- z) The Company said the most supported options were flood resilience and resilience of the water supply. The least supported option was the storm overflows. The Company clarified that in the research, customers were being told about the enhancement spend of storm overflows and the additional option was for more money. This may be why there is less support.
- aa) A Forum member asked what proportion of customers supported further reducing the use of storm overflows to the sea. The Company replied that

6% of customers supported reducing storm overflow use and added that 28% supported any of the options.

- bb) The qualitative debrief is being held next week and the Company will invite the Forum members to that meeting. The final figures will be presented at that meeting. The Company suggested that Forum member wait until after that meeting to answer the question of presenting a 'proposed plan' rather than the 'least cost plan'.
- cc) The report writer believed that the Ofwat quantitative methodology was to test the Company's preferred plan. For example, if the Company were going to invest in water supply resilience, then the plan presented to customers at testing would be the 'least cost' plan plus the water supply resilience option.
- dd) The Forum Chair suggested that, if the Company wants to be aspirational for customers, they need to go further than the least cost plan.
- ee) A Forum member wondered whether the further research be qualitative rather than quantitative. Qualitative can give more information around why customers have given the answers they did in the quantitative research. The Company is considering this suggestion.

**Action 7:** The Company to invite Forum members to the qualitative debriefing meeting.

**Action 8:** Forum members to consider whether the qualitative research should present the least cost plan or the proposed plan.

## **7. Your Water Your Say event feedback**

- a) The company presented an update following the 'Your Water Your Say' (YWYS) event held on the 7 June.
- b) The YWYS event was part of Ofwat's requirements for the PR24 process, to give opportunity for customer and stakeholders to pose questions about the plan, and issues that are important to them.
- c) The Company worked across the business to get support for putting the YWYS presentation together.
- d) The presentation was circulated in advance of this Forum meeting and is also available the Company's website. A note of the questions that were asked and answered at the event is also available on the website.
- e) There were 284 registrations to the event and 111 people attended on the day – and attendance was high throughout the event which lasted for just under two hours.
- f) Attendees included household customers in their majority, businesses, and stakeholders (including DEFRA, Environment Agency), and a good mix of community organisations, for example: Ilkley Clean River Group, Slow the

Flow, Surfers Against Sewage, Aire River Trust, Woodmeadow Trust, and Yorkshire Dales River Trust.

- g) Key themes that came out from questions:
- i. Rainwater harvesting and the use of grey water
  - ii. Storm overflows and pollution reduction
  - iii. Swim access to reservoirs
  - iv. Supporting customers to pay bills
  - v. Exec pay and dividends, wider point on communicating the work of the Company
  - vi. Working together with groups to deliver change
- h) The Company explained that the next steps were to publish answers to all questions by 6th July and the next YWYS event will be held in the autumn.

**Action 9:** The Company to keep the Forum informed, and to bring information back to the Forum once a date for the autumn event is agreed.

### **Next meeting**

20 July 2023 via Microsoft Teams

## Actions

### June 2023

Ref.	Action	Status
1	The Company to circulate details of the auditor's assurance to Forum members.	Open
2	The Company to circulate the revised APR presentation slides and the updated affordability and acceptability presentation slides.	Open
3	The Forum project manager to add the report writer to the Forum email circulation list.	Complete
4	Additional Forum meeting to be scheduled to cover bill impact.	Open
5	To schedule a slot in the July Forum meeting for the 'look and feel' sample chapter of the PR24 main business plan.	Open
6	To schedule a slot for the PR24 Exec Summary to be presented in the August Forum meeting.	Open
7	The Company to invite Forum members to the qualitative debriefing meeting.	Open
8	Forum members to consider whether the qualitative research should present the least cost plan or the proposed plan.	Open
9	The Company to keep the Forum informed on the YWYS, and to bring information back to the Forum once a date for the autumn YWYS event is agreed.	Open

### May 2023

Ref.	Action	Status
5	The Company and the Forum member to discuss ways to continue engaging with underrepresented groups for future customer engagement events.	Closed
12	The Company to consider how to submit information about progress against the six performance commitments and report back to the Forum.	Complete
13	The Company to provide the Forum with an update against the six performance commitments. This information is to include the criteria to be met for each	Complete

	measure, and evidence for each performance commitment.	
14	The Company's third line auditors to attend the Forum meeting in June.	Complete
15	The Company to share the revised Business Plan in advance of the Forum meeting on 22 June 2023.	Complete

### April 2023

Ref.	Action	Status
2	Forum to provide feedback on minutes.	Complete
3	The Company to prepare and send outstanding draft minutes plus recordings (if still available).	In progress
5	Forum to provide feedback on WINEP paper	Complete
6	Clarity requested on how confident we are on what Ilkley will deliver.	Open
9	Forum to consider raising in report - understand impact of statutory enhancement expenditure crowding out choices expenditure/impact on customers.	Open
10	Forum to consider raising in report - concerned about Ilkley being a precedent and that there is transparency to customers around cost.	Open

### March 2023

Ref.	Action	Status
5	Statutory submissions to be circulated to members	Open

### February 2023

Ref.	Action	Status
3	Future agenda items requested - Bill Impacts, WINEP, "flexibility to factor sub-group issues into critical path", WACC, implications of DWMP and WRMP - e.g., cost efficiency, cost implications, DWI submission/implications, Bespoke PCs, plan review	Open
6	LTDS - further engagement with forum in April/May with consideration of an additional meeting on LTDS scenarios	In progress

10	Forum terms of reference – consideration of flexibility around implementation of 9-year terms including issue with statutory members	Open
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