

Yorkshire Forum for Water Customers
Minutes of Meeting
17 August 2023
Microsoft Teams Meeting

Attendees:

Andrea Cook	Chair
Chris Griffin	Independent Member
Dave Merrett	Independent Member
Jamie Ashton	Citizens Advice
John Walker	Consumer Council for Water
Kursh Siddique	Independent Member
Melissa Lockwood	Environment Agency
Steve Grebby	Consumer Council for Water
Tom Keatley	Natural England

Apologies:

James Copeland	National Farmers Union
Paul Chapman	PR24 Forum report writer

Guests:

Donna Hildreth	Yorkshire Water
Phil Blaen	Yorkshire Water
Richard Hepburn	Yorkshire Water
Simon Armistead	Yorkshire Water
Angeliki Stogia	Arup, on behalf of Yorkshire Water
Kirsty Novis	Arup, on behalf of Yorkshire Water

1. Previous minutes

- a) Three sets of minutes have been reviewed by the Deputy Chair and need to be approved by the Forum (from the March, April, and June 2023 meetings).
- b) Minutes from March, April, and June 2023 approved, subject to receiving comments from a Forum member.
- c) Minutes from the previous meeting (July 2023) will be reviewed by the Deputy Chair.
- d) Minutes from July and August (this meeting) will be circulated to Forum members and approved at the September meeting.
- e) Three sets of minutes have been reviewed by the Deputy Chair and need to be approved by the Forum (from the March, April, and June 2023 meetings).

2. Actions

- a) Actions currently 'open' or 'in progress' were reviewed.
- b) All actions from July 2023 have been completed or are in progress, except for:
 - i. *June, action 6: The PR24 Exec Summary to be presented in the August Forum meeting. A member of the Company is in attendance and will present an update at this meeting. This action is now complete.*
 - ii. *June, action 9: The Company to keep the Forum informed of the 'Your Water Your Say' event, and to bring information back to the Forum once a date for the autumn event is agreed. There was an Ofwat-led review of the first session and looking ahead to the upcoming session. The Company will provide details of the Ofwat review later in this meeting. This action is now complete.*
 - iii. *July, action 2: The Company to focus on business plan financeability at the July Forum meeting. This has been superseded by a new action to arrange a meeting with the Company's CFO to discuss financeability. The new action is Action 11 and is 'in progress'. The meeting has been scheduled for 30 August 2023.*
 - iv. *July, action 3: the Company to update on the APR and whether it has attained a Crystal Mark. This action is 'in progress'. The Company will upload the APR to their website within the next week – in the customer forum section and under the annual performance report section of the website. Final comments from the Forum are outstanding.*
 - v. *July, action 4: For the PR24 report, the Forum requested photos of internal sewer flooding, storm overflows or external sewer flooding. The Forum Chair discussed this with the report designers and discussed*

photo preferences. The report designers will get back to the Forum Chair, and this action remains 'in progress'.

- vi. *July, action 5: More details on the enhancement schemes to be provided to the Forum.* The Company recognises this is an important topic. A member of the Company will attend the September meeting to present and discuss. To ensure the right person/people from the Company attends, the Company asked which aspects of the enhancement schemes the Forum are most interested in. Forum members are to let the Company know. This action remains 'in progress'.
- vii. *July, action 6: To provide information around why investments are required in AMP8 rather than deferred to future AMPs.* The Company recognises this is an important topic. A member of the Company will attend the September meeting to present and discuss. This action remains 'in progress'.
- viii. *July, action 8: Forum members to email the Company with any questions on the content of the Business Plan presentation, copying in the other Forum members.* An update on the business plan is on the agenda for this meeting. This action remains 'open'.
- ix. *July, action 10: The Company to share the PR24 Chapters, as they are completed.* This action remains 'open'.

3. PR24 Exec Summary

- a) The Company thanked the Forum for their previous comments around accessibility requirements for the look and feel of the PR24 document and the website.
- b) Prior to the meeting, the Company shared the draft Exec Summary (customer and stakeholder friendly). They outlined the document structure and contents:
 - i. The outcomes the Company will be delivering for customers, communities, the environment, and stakeholders.
 - ii. The plans that will be used to deliver the outcomes.
 - iii. The plan activities and how performance will be tracked (including KPIs, measures and targets for the delivery plans) to achieve the outcomes.
- c) The Company asked for the Forum for feedback on the draft Exec Summary.
- d) To help ensure the Exec Summary is accessible to more customers, a Forum member suggested that the language be further simplified.
- e) The use of jargon was observed in several places (e.g., "six capitals framework") and a Forum member questioned whether customers would understand what such terms meant.

- f) Given the Forum's efforts to use plain English in other publications, the Forum Chair asked whether there was anyone within the Company who can review the document and recommend improvements?
- g) The Company clarified that this was a draft version and explained they have copywriters who will work on the final version.
- h) The Forum Chair asked for the copywriters to be briefed on plain English requirements such as the reading age and intellectual age to be catered for, with the aim of making the document more readily understandable.

Action 1: The Company to brief Exec Summary copywriters on plain English requirements (reading age, intellectual age), with the aim of making it more readily understandable.

- i) Given the public awareness of the storm outflow situation, a Forum member questioned whether this would be an issue to address earlier on in the document? A suggestion was made to raise the visibility of this topic.
- j) The Company said that the PR24 report chapters are currently being drafted, and asked when the Forum would like to see them.
- k) A Forum member requested that draft chapters are shared when they are nearly finished, but when there is still time for the Forum to influence the final versions.
- l) The Forum Chair said that they do not want to be overwhelmed with materials to review, and the key areas are: financeability and gearing, the environment in the broadest sense, and vulnerability and low-income households. In addition, the Forum requested sight of any other areas that the Company's Board believe are crucial.
- m) A Forum member suggested that the members review report chapters that are best aligned with their knowledge and experience.

Action 2: The Company to find the optimum time to share the report chapters – at a point when their content can still be influenced by the Forum. Key areas are: financeability and gearing, the environment, vulnerability and low-income households, and any other areas the Company's Board believe are important.

4. Business Plan Update

- a) The Company reminded the Forum that at the last meeting, they shared scope and scale of the draft final plan. This included the underlying assumptions and the expected performance commitment levels in AMP8, which will form the basis of the plan.
- b) The Company stated that the plan has not changed in the intervening weeks. There may be minor tweaks, but substantive changes are not expected.

- c) In the coming week, the Company may update the TOTEX number for the AMP8 period, which will affect the bill impact. This update should be available at the end of August and the Company will share it with Forum.

Action 3: The Company to share the updated business plan when it becomes available (following any revisions in TOTEX and bill impact figures).

- d) A Forum member asked what will be different with the direct procurements that are referred to in business plan. The Company discussed Ofwat's wanting to bring more competition into the market for delivering major infrastructure.
- e) The Company went on to give an example of how direct procurement might work: an external company (e.g., a construction company) will raise the money, scope the work, and build the asset. When the asset is ready for customers to benefit from it, the external company will then bill the Company. In this way, another company takes accountability for delivering the asset, and The Company pays for it when construction and delivery is completed.
- f) A Forum member asked how is value for money for customers assured within the direct procurement process? The Company replied with their belief that value for money should be apparent upfront.
- g) A Forum member asked whether there is any requirement in terms of scale (e.g., a minimum amount of money). The Company replied that there is a minimum level of investment. It also must be discrete investment, meaning investment into an existing asset or facility would not meet the criteria.
- h) A Forum member asked if the bill profile has any impact on financeability. The Company replied that it does not.

5. Customer Research Update

- a) Affordability and acceptability testing is current being undertaken and is going well. The Company has had over 400 responses to their survey.
- b) Ofwat recently provided additional guidance on the following:
 - i. Respondents who race through the survey ('speeders'): Respondents who complete the final data set in under a third of the median survey completion time must be removed from the final data set.
 - ii. How to complete the data tables: this is more complicated for water and wastewater only companies, but as a WASC, the Company believe the tables are relatively straightforward.
- c) Results to complete data tables are due during w/c 11 September, with a final report the following week. As soon as the Company has the acceptability and affordability scores, they will be shared with the Forum.

Action 4: The Company to share the acceptability and affordability scores, when they become available (during w/c 11 Sept).

- d) The Company provided an update in the bill profile research. Given the 'step up' in bills that customer will experience in 2025, the Company believe that a flat bill profile might not be suitable for their customers.
- e) This assumption was tested in the bill profile research. The bill profiles tested were:
 - i. Average bill: where customers' bills increase at the beginning of the AMP8 period and then remain flat;
 - ii. Natural bill: with a natural rise based on how the Company would spend the money within the AMP8 period; or
 - iii. Rising bill: an artificially low bill, which would rise across the period.
- f) The results showed no statistically significant difference between the selection of an average bill or a natural bill as the most preferred bill profile.
- g) Customers did not like the rising bill option.
- h) The Company showed the bill profile results grouped by customers who are and are not financially vulnerable. This showed that financially vulnerable customers preferred the average (flat) bill profile. When further broken down, the vulnerable customers who are already "in trouble" had an even greater preference for an average bill across the AMP.
- i) Because it is the preference of their most vulnerable customers, the Company have decided on the average bill profile.
- j) The Forum Chair asked how the results met the Company's expectations. The Company expressed their surprise at the results.
- k) The Company presented on the long-term delivery strategy. The questionnaire went into field on 7 August. The survey is progressing well, with over 600 responses to date. They are aiming for 1,000 responses in total.
- l) Initial results are due on 18 August and the full report will be available the following week. The Company will share the results.
- m) The Company provided an update on the WaterSupport tariff enhancement research.
- n) The survey closed on 10 August with 1,000 responses.
- o) Initial results are expected in the w/c 14 August, and the final report will be available from w/c 21 August. The Company will share the results.

Action 5: The Company to share the results of the LTDS research, and the WaterSupport tariff enhancement research.

- p) Independent affordability and acceptance testing update. The Company will undertake their own study to test more of the business plan than is in the Ofwat guidance.
- q) This research includes eight focus groups – four with households, two with non-household, and two with future customers.
- r) An online survey will also be included with a wide spread of customers. The survey data will be weighted.
- s) Company acknowledged that using an online survey will limit their ability to reach certain customers (e.g., those without online access). However, with time limitations, they believe this is the best option.
- t) The ‘customer engagement’ chapter of the business has been drafted and will be sent to the Forum for review at the end of August.

Action 6: The Company to share the draft Customer Engagement chapter at the end of August.

6. Long term delivery strategy

- a) The company presented an update on their long-term delivery strategy (LTDS) for PR24.
- b) The Company explained that the LTDS is a requirement of the PR24 business plan submission and forms part of Ofwat’s quality assessment. It will be an appendix to the main PR24 business plan and will also be a stand-alone document.
- c) The LTDS sets out the future outcomes the Company intends to deliver by 2050, and how they will be delivered. However, because there is so much uncertainty between now and 2050, an adaptative planning approach has been taken.
- d) The Company explained the idea behind an adaptive planning approach is that the Company will spend what they need without overspending, efficiently deliver activities, and recognises that situations may change in the future and plans can be adjusted accordingly.
- e) AMP8 represents the first five years of the Company’s LTDS. There are several core investment activities (core pathways), which the Company described as “no or low regret options”. That is, core activities where the Company needs to invest in.
- f) There are also several alternative investment activities (alternative pathways) that might be required under certain circumstances. These activities can be planned for, and the Company has identified the triggers that will enact an alternative pathway. However, a decision can be made about them later.

- g) The Company explained that Ofwat have been prescriptive about what needs to be included in the LTDS. The plan must include a vision and an accompanying ambition for 2050.
- h) The Company's vision is 'A Thriving Yorkshire: Right for our customers, and right for the environment'.
- i) The Company described six long-term outcomes for customers by 2050. They are the same as in the Company's PR24. They are:
 - i. Secure, safe clean water supplies
 - ii. First-class customer service
 - iii. Bills everyone can afford
 - iv. Modern and resilient infrastructure
 - v. Net zero carbon emissions
 - vi. A healthy nature environment
- j) The Company have set out an ambition for 2050. These take the form of a list of performance metrics, their units, and the 2050 ambition. The ambitions are subject to amendment and are not necessarily the final versions.
- k) A Forum member asked whether the Company have tested the individual targets (ambition for 2050) with customers?
- l) The Company replied that many have been informed by the statutory targets that the Company must meet, some of which have been tested with customers. The Company agreed that the 2050 ambitions for all performance metrics are perhaps not ambitious enough.
- m) The Company further explained they are testing the targets with customers. Customers are being given an opportunity to say whether they are happy or not happy with the targets, and whether the targets are ambitious enough.
- n) The Company explained that the main part of the LTDS is the strategy section. This section sets out the planned Company spending (by investment area) needed to achieve the LTDS targets.
- o) To prepare the strategy section, the Company engaged with subject matter experts across their business. This resulted in the identification of core pathways for each strategic investment area (except WRMP) – the level of spending and what it is going to be spent on.
- p) The Company explained that they have undertaken scenario testing on the core pathways. There are two types of scenarios – common reference scenarios (from Ofwat) and wider reference scenarios (specific to the Company).
- q) For each scenario, there is a benign scenario and an adverse. The benign scenarios are business as usual, while adverse scenarios describe what could go wrong.

- r) A Forum member requested that the meaning of the terms “adverse” and “benign” are made clear about the Company’s financeability and bills rather than the outcomes for customers. The Company explained that the terms benign and adverse are from Ofwat. They agreed with the need to clarify them.
- s) A Forum member asked for further explanation on the wider reference scenario “Farming Rules for Water – Loss of landbank”. The Company explained that they currently send digested sewage sludge to farmland. It is unknown whether this will be permitted in the future or not, and the Company have included it in their risk register. If the Company cannot send sludge to land anymore, investment in an alternative disposal route will be required.
- t) For all scenarios, the Company have tested the core pathway assumptions from the subject matter experts. They explained that where the adverse scenario triggers an increase in enhancement expenditure that is over the materiality threshold, an alternative pathway will be triggered.
- u) Several pathways have been identified:
 - i. Climate change: Triggers the need to increase the drainage and wastewater management plan.
 - ii. Loss of landbank (discussed above)
 - iii. Lead replacement: Triggers should the need arise to replace all lead pipework within a 25-year period. Plans and expenditure will need to be brought forward.
 - iv. Forever chemicals (PFAS): Triggers should they need to be removed from sludge and effluent. This will require additional expenditure.
- v) The Company explained there may be additional pathways associated with water resources expenditure, but the Company are behind with their analysis of these. These will be ready in the next couple of weeks.
- w) The Company have been engaging with their customers. The results of an engagement survey are due and will be incorporated into the LTDS and targets updated accordingly.
- x) The next stage in the LTDS preparation is for the narrative and data tables to be completed and finalised by the end of August. The WRMP-related data and narrative will be completed in early September.
- y) External assurance will be undertaken by KPMG and will start this week and end in early September.
- z) A Forum member asked whether the datasets for the climate change pathway are up to date? The Forum member highlighted concerns that previous modelling have underestimated the effects of climate change. For example, temperatures, ice sheet loss, and sea temperature rises have been outside of what was expected.

- aa) The Company explained that they are using the UK climate projections from 2018, which is the most recent dataset available. A new dataset of climate projections will be available in the next few years and will be incorporated into the Company's models.
- bb) The Company said that the LTDS will be refreshed every five years, to coincide with each AMP.

7. Your Water Your Say update

- a) The Company provided an update on a recent online meeting they attended Ofwat. The meeting provided an opportunity for water companies to reflect on the first Your Water Your Say (YWYS).
- b) Ofwat and CCW invited reflections on the first event, including the event promotion, format of the sessions, Q&A section of the session and the post-session publication of information.
- c) Ofwat will publish the guidance for the second YWYS event tomorrow. Key content includes:
 - i. Ofwat requested that all water companies agree a date for the second session by the end of the month.
 - ii. The Company have provisionally agreed that their second session will be held on Thursday 23 November, from 6pm to 8pm.
 - iii. The use of an independent Chair worked well in the first sessions and would be used again in the second sessions.
 - iv. A limited amount of pre-reading materials to be shared with participants.
 - v. A draft version of the written record of the meeting to be produced within five working days of the session.
- d) The objective of the second session is to allow customers and stakeholders to:
 - i. Hear what the Company has included in their PR24 submission and ask questions.
 - ii. Understand how customers and stakeholder views have shaped the PR24 plans, including views on the acceptability and affordability.
 - iii. Question the company on whether and how issues previously raised are addressed.
 - iv. To raise new issues and to ask questions on new topics.
- e) The second session will contribute to Ofwat's understanding of the issues that are important to each company's customers, how the issues are being addressed, which issues are outstanding, and the company's explanation of why specific issues are not addressed.

- f) The company presentation at the event should clearly set out the issues that the business plan and long-term delivery strategy are addressing, the actions the company proposes to take, the outcome that should be achieved, and the bill impact for customers.
 - g) The Company explained that they also expect the presentation to explain:
 - I. Customers priorities and how the plan addresses these
 - II. Key issues raise during the first session, and how the Company has responded.
 - III. The high-level results of the acceptability and affordability testing.
 - IV. Potential average bill changes
 - h) Promotion of the event was discussed, and the Company sought feedback from the Forum about the promotion of the first event, and how to attract under-represented, vulnerable or hard-to-reach customers to the event.
 - i) Ofwat provided additional groups to be targeted, including young people, and a full range of stakeholders, covering:
 - I. Household and non-household customers.
 - II. Business retailers.
 - III. Different geographical areas.
 - IV. All socio-economic groups, and a rural/urban mix.
 - V. Representative organisations for customers, communities, and wider stakeholders.
 - VI. Stakeholders who might have an interest in water issues but may not have engaged with PR24 to date.
 - j) Pre-reading materials for attendees to be made available to each person who registers for the event. The pre-reading material is to include a customer friendly summary of the PR24 business plan, a 'you said, we did' summary, and a link to the notes from the first meeting.
 - k) The Company asked the Forum to review and comment on the pre-event reading materials (in advance of publication) when they become available.
- Action 7:** The Company to share the draft YWYS materials (communications materials, Chair's briefing, and attendees pre-reading) for the Forum's review and feedback.
- l) A Forum member asked for the Company's view of how successful their YWYS first event was, compared to other water companies.
 - m) The Company reflected that attendance was good in comparison to other companies, but they could do better in targeting groups outlined in the guidance.

- n) The Company asked for the Forum's assistance in making sure the event materials are accessible, and there is the right balance between pre-reading and the length of the event (currently assumed to be 2-hours).
- o) A Forum member raised concerns about reaching vulnerable customers without a new or different approach. The Forum member suggested the Company form partnerships with pre-existing groups across the region, to access customer groups with limited access to technology or limited awareness of the event. The Company agreed with this point.
- p) The Company also pointed out that the event will be held after the PR24 report submission, meaning the decisions have already been made and customers have no real ability to further influence the report's content. The Company has asked Ofwat for a clear indication of the event's purpose.
- q) Given the event is after the PR24 submission, a Forum member asked what Ofwat will do with the responses to the event - will it influence their consideration of the submitted business plan?
- r) The Company agreed that event will form part of Ofwat's determination of the business plan, particularly around whether the Company have listened to their customers and stakeholders and if not, are there valid reasons for not doing so.
- s) A Forum member observed that Ofwat are setting a structured way of holding the event, which is in opposition of how to attract vulnerable and hard-to-reach customers. Two hours in an evening with pre-reading is a lot to expect of people.
- t) If the event's purpose is to provide evidence to Ofwat that the Company have listened to their customers, a Forum member observed that this is difficult when a different set of customers attends the second event, and they were not the ones who made the initial comments.
- u) The Forum member stated that there are flaws, and if Ofwat are going to continue running these events, they need to be more flexible and adaptable.

Action 8: The Company to circulate the revised Ofwat YWYS guidance.

Action 9: The Company to consider changing the date of the November Forum meeting, which is the same day as the YWYS event.

Next meeting

21 September 2023 via Microsoft Teams

Actions

August 2023

Ref.	Action	Status
1	The Company to brief Exec Summary copywriters on plain English requirements (reading age, intellectual age), with the aim of making it more readily understandable.	Open
2	The Company to find the optimum time to share the report chapters – at a point when their content can still be influenced by the Forum. Key areas are: financeability and gearing, the environment, vulnerability and low-income households, and any other areas the Company's Board believe are important.	Open
3	The Company to share the updated business plan when it becomes available (following any revisions in TOTEX and bill impact figures).	Open
4	The Company to share the acceptability and affordability scores, when they become available (during w/c 11 Sept).	Open
5	The Company to share the results of the LTDS research, and the WaterSupport tariff enhancement research.	Open
6	The Company to share the draft Customer Engagement chapter at the end of August.	Open
7	The Company to share the draft YWYS materials (communications materials, Chair's briefing, and attendees pre-reading) for the Forum's review and feedback.	Open
8	The Company to circulate the revised Ofwat YWYS guidance.	Open
9	The Company to consider changing the date of the November Forum meeting, which is the same day as the YWYS event.	Open

July 2023

Ref.	Action	Status
1	To arrange a call between the Forum (Andrea, Steve, Kursh) and whoever is responsible for PR24 document design	Complete

Ref.	Action	Status
2	Richard H to focus on business plan financeability at the July Forum meeting	Closed, superseded
3	YW to update on where we are at with the APR and whether it has the Crystal Mark.	In progress
4	For the PR24 report, request photos of internal sewer flooding, storm overflows or external sewer flooding.	Open
5	More details on the enhancement schemes to be provided to the Forum	In progress
6	To provide information around why investments are required in AMP8 rather than deferred to future AMPs.	In progress
7	YW to share a link to their APR and Performance Action Plan.	Complete
8	Forum members to email Richard H with any questions on the content of the Business Plan presentation, copying in the other Forum members.	Open
9	Donna H to share the affordability and acceptability testing questionnaire/s with the Forum for review and comment.	Complete
10	The Company to share the PR24 Chapters, as they become completed.	Open

June 2023

Ref.	Action	Status
1	The Company to circulate details of the auditor's assurance to Forum members.	Complete
2	The Company to circulate the revised APR presentation slides and the updated affordability and acceptability presentation slides.	Complete
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.	Complete
5	To schedule a slot in the July Forum meeting for the 'look and feel' sample chapter of the PR24 main business plan.	Closed
6	To schedule a slot for the PR24 Exec Summary to be presented in the August Forum meeting.	In progress

Ref.	Action	Status
7	The Company to invite Forum members to the qualitative debriefing meeting.	Complete
8	Forum members to consider whether the qualitative research should present the least cost plan or the proposed plan.	Complete
9	The Company to keep the Forum informed of YWYS, and to bring information back to the Forum once a date for the autumn event date is agreed. <i>Updated June 2023:</i> The Company to provide feedback from the Ofwat meeting on 1 st August.	Open

May 2023

All actions completed.

April 2023

Ref.	Action	Status
1	May meeting to be rescheduled.	Complete
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
4	The Forum to provide feedback on the Company's Business Plan Tracker.	Complete
5	Forum to provide feedback on WINEP paper	Complete
6	Clarity requested on how confident we are on what Ilkley will deliver.	Open
7	Meeting to be arranged with the new Forum PM and the Forum Chair and Deputy Chair.	Complete
8	The Company to provide critical path update via email.	Complete
9	Forum to consider raising in report - understand impact of statutory enhancement expenditure crowding out choices expenditure/impact on customers.	In progress
10	Forum to consider raising in report - concerned about Ilkley being a precedent and that there is transparency to customers around cost.	In progress
11	Move meetings to 13.30 rather than 13.00 start	Complete

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 <i>Updated (July 2023): LTDS paper provided in July. LTDS to be presented in August.</i>	In progress
10	Forum terms of reference – consideration of flexibility around implementation of 9-year terms including issue with statutory members	Open