

**Yorkshire Forum for Water Customers
Minutes of Meeting
21 November 2024
Microsoft Teams Meeting**

Attendees:

Chris Griffin	Independent Member
Dave Merrett	Independent Member
Fiona Morris	Environment Agency
Kursh Siddique	Independent Member
Steve Grebby	Consumer Council for Water

Apologies:

Jodie Hall	Citizens Advice
James Copeland	National Farmers Union
Tom Keatley	Natural England

Guests:

Darren Gorner	Yorkshire Water
Donna Hildreth	Yorkshire Water
Richard Hepburn	Yorkshire Water
Tim Hawkins	Yorkshire Water
Tim Myatt	Yorkshire Water
Rachel Barnard	Yorkshire Water

Contents

1. Introduction to Tim Hawkins, Director of Strategy and Regulation.....	3
2. Minutes.....	3
3. Actions	3
4. Updates from the Chair	5
5. PR24 Update.....	6
6. Research update.....	7
7. Serious Pollution Incidents and Self-Reporting.....	8
8. Impact of the Special Measures Bill.....	10
9. AOB	11
November 2024.....	12
October 2024.....	12
September 2024	12
August 2024.....	13
July 2024.....	13
June 2024	13
May 2024.....	13
April 2024.....	13
March 2024.....	13
February 2024.....	13
January 2024	13

1. Introduction to Tim Hawkins, Director of Strategy and Regulation

- a) Forum members and Tim Hawkins, the Company's new director of Strategy and Regulation, introduced themselves and gave an overview of their experience.
- b) Tim Hawkins shared his background in aviation and his interest in the water sector's challenges; emphasising the importance of regulatory reform, stakeholder engagement and the potential for real change in the sector.
- c) The regulatory environment was discussed, particularly views that overregulation can hinder innovation and responsiveness to local customer needs.

2. Minutes

- a) The minutes from October have been circulated to Forum members and reviewed. As no concerns have been raised, these minutes are approved for publication.

3. Actions

- a) Open and in-progress actions were reviewed.
- b) Actions from February:
 - i. *The Company to share data tables detailing benefits with the Forum [Working with Others PC].* The Company are commissioning a 6 capitals review to demonstrate the value generated across Yorkshire. This report will be a comprehensive external assessment of wider benefits and is due to be complete by March 2025 at which point it will be shared with the Forum. Remains **in progress**.
- c) Actions from April:
 - i. *The Company to source additional information on Ofwat's consultation relating to the Innovation Fund and share with the Forum.* Ofwat have updated that they intend to consult on this in future, but the specific detail has not been shared. Remains **open**.
- d) Actions from September:
 - i. *Complaint handling performance to be added to the next Forum, or next Affordability and Vulnerability subgroup.* Postponed to December due to absence. **Open**.

- ii. *Strategy and Regulation Director introduction to be added to a future agenda. On November's agenda. **Complete.***
- iii. *Add Watermark report analysis to a future Forum meeting agenda. To be added to December's agenda. Currently **in progress.***
- iv. *The Company to provide an update on serious pollution incidents and self-reporting in October's Forum meeting. On November's agenda. **Complete.***
- v. *Special Measures bill to be added to the agenda for the main Forum in October. On November's agenda. **Complete.***

e) Actions from October:

- i. *The Company to share the outturn adjustment mechanism consultation documentation from Ofwat. **Complete.***
- ii. *The Company to advise the Forum how customers are being informed of changes to flood risk relating to the Bardsey Fields project. Document shared with Forum members. **Complete.***
- iii. *The Company to respond on the PSR target setting methodology, given that the target was considerably higher than other companies' and was missed. The Company explained that the target setting reflected ambition in the PR19 business plan and was in line with the Forum's concerns at that time. It was also noted that the target was only narrowly missed last year, falling short on Reach. The Company stated that they are working hard to ensure the target is hit this year. **Complete.***
- iv. *The Company to assess whether there is a need to consider temporary savings in the Water Support eligibility criteria. The Company updated that it had undertaken investigations on whether this was being raised as an issue by customers. As it is not, it has been understood that this is not a current need, but this will be monitored. It was also pointed out that customer circumstances are examined on a case-by-case basis so this can be addressed if appropriate. **Complete.***
- v. *The Company and the Chair to meet outside the Forum meetings to discuss the future of the Forum. A meeting was held on 24th October. **Complete.***

f) New actions from November:

- i. **Action 1:** The EA to investigate whether a pollution reporting performance industry comparison can be shared with Forum members, albeit recognising that this would represent unverified data.

- ii. **Action 2:** The Company to share a graphical representation of the time to report potential pollution events, particularly where the 4-hour target has been missed.
- iii. **Action 3:** Forum members to consider the call for evidence and writing their own response in February 2025.
- iv. **Action 4:** The Company to provide further updates to the Forum when further details about the Cunliffe review are known.

4. Updates from the Chair

- a) The Chair provided an update on the submission of the Forum's response to Ofwat's consultation on the Rules of Remuneration and Governance.
- b) The response was submitted on 19th November and covered three main questions: executive remuneration, the fit and proper persons test, and Customer Challenge Groups (CCGs) overall. The Chair noted that the consultation aimed to determine if companies should commit to mechanisms like CCGs and other consumer groups. However, the Chair observed that the final output did not quite align with the consultation's focus.
- c) Updates were provided for a meeting of chairs of CCGs. The Chair highlighted the challenges of renewal for most water companies, as many chairs are stepping down after two full price reviews. Recruitment and renewal is well underway for most CCGs.
- d) The Chair informed the members about the meeting of Chairs of CCGs with the National Audit Office, which focused on discussing customer perception and value for money in the industry.
- e) These discussions have led to a request for additional details regarding Net Zero and Nature-based Solutions. Although both initiatives received customer support, they were not approved for funding in the Draft Determination. The Chair is currently preparing a submission for this.
- f) The Chair also highlighted a letter received from Ofwat about executive pay and monitoring of financial resilience reports. The letter stated that performance-related pay for the Company's CEO and CFO, alongside two other companies', has been reduced based on the EPA 2-star rating.
- g) The Chair raised concerns about the transparency of executive remuneration since this is a priority area for customers.

Affordability and Vulnerability subgroup

- h) The Chair updated on the subgroup meeting held recently, noting that it was a useful meeting and that the subgroup feel well informed.
- i) The subgroup was updated on event preparation, emphasising the importance of being prepared for rising numbers of customers on the Priority Services Register (PSR).
- j) The Chair highlighted that the company has outsourced the supply of bottled water to another company to improve efficiency during a crisis event.
- k) The Chair noted that while the numbers of customers registered for Priority Services has been positive, the Company are still not meeting targets in several areas. These issues were debated including whether the numbers accurately reflect customer concerns, the Company's response to PSR registrations and challenges with awareness of the service relating to auto sign-ups for certain demographics.
- l) The Chair updated that the vulnerability strategy received commendable feedback from Ofwat. Only one area needed to be reviewed and strengthened. The chair noted that the Company had committed to examining the report to identify any potential learning opportunities.
- m) A subgroup member enquired about circulation of the Company's sewer flooding research to provide comparison to another report which is expected to be published soon, on support for vulnerable customers experiencing sewer flooding.
- n) The Company responded that the research would be shared, but noted that it is research into a revised strategy for an alternative customer journey including better triage and more personalised support, rather than specific research on sewer flooding experiences.

5. PR24 Update

- a) The Company updated that Ofwat is still expected to publish its Final Determination (FD) on 19th December.
- b) Ofwat have modified the licence to permit extension of the deadline until the end of January in the event of unforeseen circumstances, but this is not currently expected.
- c) The Company has been preparing its plans for the two-month period leading up to mid-February, when it must decide whether to accept the final determination or seek a redetermination.
- d) The outbound query process, giving the Company 48 hours to respond to queries from Ofwat continues, with a reduction in the number of queries.

- e) The Company provided an update on its quarterly performance meeting with Ofwat and representatives from the Environment Agency (EA) and the Drinking Water Inspectorate (DWI). The meeting provided an opportunity for the regulators to challenge the Company on key elements of performance.
- f) The Company mentioned it was an opportunity for regulators to hear directly from Company directors and the focus on delivering sustained performance enhancements.
- g) A Forum member emphasised the importance of resource planning for the upcoming AMP period, highlighting the need to identify critical points early to avoid last-minute rushes. Additionally, it was noted that policy changes are time consuming, and early discussions with stakeholders like DEFRA are crucial to facilitate necessary changes.
- h) The Company acknowledged the issue, noting the importance of planning for PR29 to establish a clear path for the next five years. The Company suggested smoothing out the workload to avoid peaks of activity and emphasised the need for early engagement with stakeholders to influence outcomes and avoid reactive responses.

6. Research update

- a) The Company provided an update on the recent "Your Yorkshire Water, Your Say" event, which was conducted slightly differently than the format used by Ofwat earlier in the year.
- b) Although the session saw 214 sign-ups, with subtitles being the only accessibility request, it suffered from low attendance of only 35 customers.
- c) The Company has taken action to understand the possible reason behind the event's low attendance by circulating a survey to gather feedback for future improvements.
- d) The Company provided an update on the event structure, explaining that the CEO presented a 15-20 minute overview of the company's past, present, and future plans.
- e) Participants asked questions which the Company described as very challenging, including questions on CEO pay in relation to sewerage spills. However, it was assured that all questions were thoroughly answered.
- f) The Company expressed its determination to improve both attendance and the quality of the sessions.
- g) A Forum member expressed ambiguity and complexity in the registration process of the event, leading them to miss the session. To this, the Company reassured the Chair that appropriate investigation will be done on this issue.

- h) Another Forum member, who did attend, commented that the event was more of a presentation than a debate or discussion and suggested holding smaller events in person. It was noted that by not seeing other participants on screen, the event was felt to be isolating rather than engaging.
- i) A Forum member suggested that an in-person event could be tagged onto another event where customer are already in attendance, such as the Great Yorkshire Show.
- j) The Company appreciated the suggested ideas and assured that they will be explored. Additionally, the Company has conducted research into how customers would like the Company to engage with them and this has already been shared with Forum members. .
- k) The Company noted that customers appreciate knowledgeable representatives to provide local updates. Therefore, it is essential for attendees to be well-informed about local activities and keep them updated accordingly.
- l) A Forum member asked whether a recording of the event would be shared. The Company clarified that it would not, since consent had not been sought from attendees. Nevertheless, all 200 questions asked and the answers will be published online.
- m) The Company also mentioned its own response to Ofwat on the rules around remuneration and governance, emphasizing the importance of consumer involvement in decision-making, and listening to customers in every area of their business. It noted agreement with several of Ofwat's suggestions and had submitted further ideas to improve the process.

7. Serious Pollution Incidents and Self-Reporting

- a) The Company provided an update on self-reporting of pollution incidents to address concerns previously raised by the Forum.
- b) In January - March of this year significant improvements were needed to the timeliness of self-reporting. The main issue involved the Company waiting to sufficiently quantify the data that was being provided to the Environment Agency (EA), resulting in delays in completing assessments.
- c) As a result, the Company implemented measures to address the issue and quarterly improvements were seen across 2024.
- d) In Jan-Mar 2024, 23% of pollution incidents were reported within 4 hours, this was improved to 68% in Apr-Jun and 73% in Jul-Oct. This has been recognised and commended by the EA.

- e) Processes have been tightened and a strict constraint has been set to get operations out to site within half an hour of a report, and to aim to report within 3 hours and thereby beat the 4 hours target.
- f) The reporting process has improved significantly. Initially, this increased workload because the aim had been to ensure high accuracy before reporting; whereas now, quicker initial reports are provided, with more detail following in the subsequent 10-day reports.
- g) The Company provided an update on a high-level impact assessment aimed to identify ways to expedite the reporting process which was presented back to the EA and at the Senior Executive & Director Liaison Meeting (SEDLM) held in September.
- h) This high-level impact assessment examined the issue of notifying the EA upon first knowledge of a potential pollution event.
- i) The first knowledge could come from a range of sources from telemetry to a customer or operator call.
- j) The impact assessment aimed to determine the appropriate timing for reporting, considering whether it should be at the initial notification stage or, following the Company's policy and that of many other companies, when a technical expert had physically inspected the issue and conducted an assessment.
- k) The Company explained their recognition of wanting to deliver improvements, and that they are working with the EA and other companies to create a best practice approach while the 16_02 document is being revised.
- l) The Company declared a desire for the whole industry to be aligned on the approach to this issue and for there to be consistency and clarity.
- m) A Forum member asked how the latest figures compare with the rest of the industry. The Company explained that this comparison to the industry was not shared with the Company.

Action 1: The EA to investigate whether a pollution reporting performance industry comparison can be shared with Forum members, albeit recognising that this would represent unverified data.

- n) A Forum member asked how far away from the 4-hour target the Company was on those 27% of incidents which had not met the 4-hour target. The Company offered to share this information graphically when the year has concluded.

Action 2: The Company to share a graphical representation of the time to report potential pollution events, particularly where the 4-hour target has been missed.

8. Impact of the Special Measures Bill

- a) The Company explained the special measures bill is the second step in a three-phase approach by Labour to address issues in the Water sector.
 - (i) The first step occurred seven days after the election when Steve Reed, the Secretary of State for Environment, Food and Rural Affairs, summoned the CEOs of water companies to London to sign voluntary commitments.
 - (ii) These voluntary commitments included changes to the articles of association to put customers at the core of a water company's purpose, which will go through board approval and be formalised by the start of December.
- b) The Company explained in further detail the Special Measures Bill which includes restrictions on performance-related pay, criminal liability of senior staff, customer panels, automatic fines, and monitoring of emergency overflows.
 - (i) The bill aims to formalise some of the voluntary commitments and is expected to pass easily through Parliament due to its alignment with Labour's manifesto.
 - (ii) The bill was first introduced in the House of Lords, with the committee stage held on the 28th and 30th of October 2024. It has just had the report stage, where several amendments were accepted. It will then go to the House of Commons, with DEFRA pushing to pass it by the start of the year.
- c) It was noted that much of the detail, and how the bill will be implemented, rests in the hands of the regulators.
- d) Ofwat has just completed a consultation on customer panels and remuneration of executive directors. This has been conducted as a policy consultation rather than a statutory consultation since the bill has not yet passed. Final proposals have not yet been released.
- e) A Forum member asked whether the Company was making any representations. The Company responded that responses so far largely cover the application of the proposed changes, for example the impact on criminal liability and terms of employment change, rather than the changes themselves.
- f) Attendees from the Forum and the Company agreed on the importance of customer representation in decision-making but also on the challenge of evidencing and auditing this.

- g) Updating on executive remuneration, the Company advocated for linking performance-related pay to performance but sought clarity on what constitutes extreme circumstances that would halt bonuses.
- h) The Chair highlighted the difference of comparing water company CEOs to private sector executives, rather than public sector directors, in terms of remuneration. However, the Company emphasised that performance-related pay is crucial for driving the right outcomes for the business, noting that it is preferable to a higher base salary as it incentivises both short-term and long-term achievements.
- i) The Company provided an update on its preparation of a comprehensive position for the upcoming independent Commission for Water led by Sir John Cunliffe, which will begin with a call for evidence in January 2025 and report back by June 2025. This involves identifying what might stop the Company from achieving its corporate vision, and proposing changes to enable success.
- j) A Forum member asked that the Company give opportunity for the Forum to view the draft of the call for evidence or any related research scheduled for the same.
- k) The Company provided an update on the future steps for the call for evidence focusing on identifying blockers to achieving the corporate vision.
- l) The Company also mentioned that it is testing high-level outcomes with customers already to understand the importance of issues and to guarantee their representation in the decision-making processes. The research is currently constrained by the limited information provided by DEFRA regarding customer panels.
- m) The Chair suggested that the Forum should have an initial discussion on the call for evidence and consider writing their own response in February 2025.

Action 3: Forum members to consider the call for evidence and writing their own response in February 2025.

Action 4: The Company to provide further updates to the Forum when further details about the Cunliffe review are known.

9. AOB

- a) No further business was raised.

Actions tracker –

November 2024

Ref.	Action	Status
1	The EA to investigate whether a pollution reporting performance industry comparison can be shared with Forum members, albeit recognising that this would represent unverified data.	Open
2	The Company to share a graphical representation of the time to report potential pollution events, particularly where the 4-hour target has been missed.	Open
3	Forum members to consider the call for evidence and writing their own response in February 2025.	Open
4	The Company to provide further updates to the Forum when further details about the Cunliffe review are known.	Open

October 2024

Ref.	Action	Status
1	The Company to share the outturn adjustment mechanism consultation documentation from Ofwat.	Complete
2	The Company to advise the Forum how customers are being informed of changes to flood risk relating to the Bardsey Fields project.	Complete
3	The Company to respond on the PSR target setting methodology, given that the target was considerably higher than other companies' and was missed.	Complete
4	The Company to assess whether there is a need to consider temporary savings in the Water Support eligibility criteria.	Complete
5	The Company and the Chair to meet outwith the Forum meetings to discuss the future of the Forum.	Complete

September 2024

Ref.	Action	Status
2	Complaint handling performance to be added to the next Forum, or next Affordability and Vulnerability subgroup.	Open

5	Strategy and Regulation Director introduction to be added to a future agenda.	Complete
6	Add Watermark report analysis to a future Forum meeting agenda.	Open
7	The Company to provide an update on serious pollution incidents and self-reporting in October's Forum meeting.	Complete
8	Special Measures bill to be added to the agenda for the main Forum in October.	Complete

August 2024

All actions completed.

July 2024

All actions completed.

June 2024

All actions completed.

May 2024

All actions completed.

April 2024

Ref.	Action	Status
2	The Company to source additional information on Ofwat's consultation relating to the Innovation Fund and share with the Forum.	Open

March 2024

All actions completed.

February 2024

Ref.	Action	Status
5	The Company to share data tables detailing benefits with The Forum [Working with Others PC]	In progress

January 2024

All actions completed.