

**Yorkshire Forum for Water Customers
Minutes of Meeting
25 July 2024
Microsoft Teams Meeting**

Attendees:

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

Apologies:

James Copeland	National Farmers Union
Jodie Hall	Citizens Advice
John Walker	Consumer Council for Water
Tom Keatley	Natural England

Guests:

Donna Hildreth	Yorkshire Water
Richard Hepburn	Yorkshire Water
Rachel Barnard	Yorkshire Water
Naveed Majid	Yorkshire Water
Angie Nock	Yorkshire Water
Kirstin Hutchinson	Yorkshire Water
Emma Brown	Yorkshire Water

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1. A moment for reflection

- a) Forum members shared their heartfelt tributes to the Forum chair, Andrea Cook OBE, who passed away suddenly on 21 June 2024.
- b) Members and regular attendees highlighted her impact, support, determination, formidable personality and humour.
- c) Tributes closed with members acknowledging Andrea's lasting impact.

2. Minutes

- a) The minutes of the June meeting have not been circulated in advance of the meeting. Forum members were asked to review the document and advise of any required changes before 2nd August, otherwise these will be considered approved.
- b) Actions from the June meeting were highlighted.

3. Actions

- a) Open and in-progress actions were reviewed.
- b) Actions from January:
 - i. *The Company to circulate the outcome of the horizon scanning with details of how this will feed into Customer Research and Business Planning.* Update added to the August agenda. Remains **in progress**.
- c) Actions from February:
 - i. *Add an Environment subgroup agenda item – deep dive Working with Others PC schemes, prioritised by spend.* Added to the draft agenda as a standing item. **Complete**.
 - ii. *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 2024 at which point it will be shared with the Forum. Remains **open**.
- d) Actions from March:
 - i. *The Company to send the research for enhancement cases and cost adjustment claims for smart metering and water mains replacement.* On July's agenda. Reports to be circulated following the meeting. **Complete**.
 - ii. *The Company to keep CCW updated on Period Products activity.* Following a suggestion from a Forum member, The Company has invited a range of

external parties (including other water companies) to the debrief due at the end of June. The Forum will also be invited to the debrief. **Complete.**

e) Actions from April:

- i. *The Company to source additional information on Ofwat's consultation relating to the Innovation Fund and share with the Forum.* This has been raised with Ofwat, but as yet there is no reply. Remains **open**.
- ii. *The Company to update the Forum on GSS changes.* The Company confirmed that there are currently no proposed changes. **Complete.** A Forum member commented that the GSS scheme is under review by government.

f) Actions from May:

- i. **Action 1:** *Review detailed findings from the 2023 Water Matters report at a future Forum meeting.* Moved to the agenda for August. **In progress.**
- ii. **Action 2:** *Further detail on the Company's approach to the Social tariff in AMP8 to be brought to a future meeting, specifically that some companies appear to have gone further.* On the agenda for July. **Complete.**
- iii. **Action 3:** *The Company to provide an update on its ambitions towards the eradication of water poverty.* On the agenda for July. **Complete.**
- iv. **Action 4:** *The Company to circulate details of the fish passage research on completion.* The report will be brought to the environment subgroup on completion. **Open.**
- v. **Action 5:** *The Forum chair to send draft content for the APR statement to the Company when ready, including reports from the two subgroups.* **Complete.**

g) Actions from June

- i. **Action 1:** Placeholder debrief meeting to be scheduled for early August. **Complete.**
- ii. **Action 2:** The Company to distribute notes from Ofwat's Your Water, Your Say event to Forum members. **Open.**
- iii. **Action 3:** The Company to provide an update on the Total Household Complaints PC classification once resolved. **Open.**
- iv. **Action 4:** The Company to share the final version of the draft Vulnerability Strategy document with Forum members. **Complete.**
- v. **Action 5:** The Company to share link to APR publication. **Complete.**

h) New actions from July

- i. **Action 1:** Research report into Cost Adjustment Claims and Enhancement Cases to be shared with the Forum. **Complete.**

- ii. **Action 2:** Initial summary report of the Draft Determination to be shared with Forum members. **Complete.**
- iii. **Action 3:** The Company to share further details of the request with members of the Forum's environment subgroup for consideration outside of the meeting.
- iv. **Action 4:** The Company to share the details of the request with members of the Forum. **Complete.**
- v. **Action 5:** Forum members to review June's minutes and raise comments before 2nd August.

4. Update on Affordability and Vulnerability subgroup

- a) The chair provided an overview of the content of the subgroup meeting including the draft Vulnerability Strategy and an early view of the Social Tariff.
- b) The subgroup were broadly positive about the Vulnerability Strategy which was presented at the meeting. Particular note was made of the inclusion of transient vulnerability, the overall tone of the document and the language used.
- c) A subgroup member was pleased that the group had been consulted at such an early stage.
- d) The Company invited members to continue to feed back on the strategy so that this can be incorporated.
- e) The chair also appreciated that the Forum had been included in discussions on the Social Tariff at an early stage.
- f) It was reinforced that it isn't easy to identify criteria for banded support as there is no one-size-fits-all approach considering income, expenditure, assets, disability and many other variables.
- g) While the Forum subgroup's early involvement was acknowledged, the chair emphasized the importance of being informed about progress, considering the potential implications these decisions may have on a wide customer base in the coming years.

5. Research update

- a) Preparing for the Draft Determination (DD) included trying to anticipate what challenges may come back from Ofwat. As part of this, cost adjustment claims were identified as an area of potential challenge, as were enhancement cases.
- b) For this reason, the Company tested 5 cost adjustment claims and 10 enhancement cases with customers to evaluate their support.

- c) The cost adjustment claim for Phosphorus Removal was shown as an example of how these proposals were presented. It was explained to customers why it's included in the plan, the justification for the cost adjustment claim and its significance to the Company. They detailed the benefits it will bring and the potential risks if it were to be removed from the plan. The bill impact was also shown, not just for AMP8 (2025–30) but up to 2050, to ensure customers' comprehensive understanding of the long-term effects on bills.
- d) For all of the cost adjustment claims and enhancement cases support was very high. Household and non-household customers were included in the research. The report containing further information will be shared with the Forum.

Action 1: Research report into Cost Adjustment Claims and Enhancement Cases to be shared with the Forum.

- e) The research provides additional evidence which can be used in the Company's response to the DD.
- f) The Forum chair observed that it is common for respondents to endorse the individual elements of a proposal while withholding support from the overall proposition. The Company countered that respondents had been told that their bill would increase in 2025 irrespective of the cost adjustment claims and enhancement cases.
- g) It was noted that future bill payers are more likely than current bill payers to be supportive of additional work being carried out, due to environmental concerns.

6. PR24 Update – draft determination

- a) The Company shared an initial summary of the Company's view of the DD. This was presented as an emerging view as a result of timing.
- b) A further, more formal, update will be provided at the additional meeting scheduled for 6th August.
- c) The Company recognised that Ofwat has incorporated some submissions from the industry including
 - i. updating earlier guidance on WACC (weighted average cost of capital)
 - ii. a median or average approach to Performance Commitment (PC) levels
 - iii. additional protections on energy and chemical costs.

- d) The emerging view from the Company is the DD may risk effective delivery and good performance which are critical to customers.
- e) The following were noted as areas of concern to the Company
 - i. The overall deliverability and financeability of the DD
 - ii. Removal of costs from non-infrastructure asset replacement
 - iii. Storm overflow costs – modelling approach does not appear to have reflected real cost information provided by companies.
 - iv. Direct procurement schemes proposed to be brought inhouse
 - v. PC targets, in some areas changing by at times 50% between the end of AMP7 and start of AMP8
 - vi. Investment in Living with Water has been cut by 70%
 - vii. Enhancement spending on Net Zero has been reduced to nothing.
- f) The Company noted that the Quality test was passed, and Ambition assessment was classed as Standard (no intervention required). This shows Ofwat's recognition of the Company submitting a quality plan with a reasonable level of ambition.
- g) The average bill allowed has been reduced in the Draft Determination to £511 (year 5 £537) against the Company's initial Business Plan request of £542 (year 5 £569). This is in part as a result of Ofwat proposing moving some revenue from PR24 to PR29, which reduces bills in the short term but means a larger bill increase in PR29 and beyond.
- h) Expectations were met regarding the number of customers supported by social tariffs, hardship payments and payment matching. 3% of customers will be supported by the social tariff in AMP8. Additional willingness to pay research has been conducted which could increase the level to 7% of customers, close to the industry average.
- i) Ofwat complimented the Company on the wide range of topics researched as part of Customer Engagement. Consultation with future customers and vulnerable customers was also noted.
- j) The Company presented a comparison of the priorities of customers and of the Yorkshire Leaders Board and compared this with the DD, highlighting discrepancies.
- k) The Company continues to work through the DD to address where there is customer support and where additional evidence will be presented back to Ofwat.
- l) The cost reduction given by Ofwat to the Company is around 12% compared to an industry average of 16%
- m) Further detail will be shared with Forum members in an initial report.

- n) The Company have until midday on 28th August to respond to Ofwat with a written report including updated data tables, assurance, supporting evidence and narrative.
- o) An initial view was given to Ofwat on 24th July, and further senior meetings are arranged either side of the submission date.
- p) Ofwat is due to publish its Final Determination on 19th December. It is unknown how much movement there will be between Draft and Final Determination. The company noted the challenge of continuing to this initial final determination timeline, whilst the publication was postponed by the general election.
- q) The chair asked whether the Company would be in a position to give an appropriate view of the level of challenge at the upcoming meeting on 6th August. The Company confirmed that it would be in a position to do this.
- r) A Forum member questioned whether the Company was satisfied to have met Ofwat's assessment for quality and ambition in customer research, or whether there was desire to go further. The Company countered that it had already gone beyond Ofwat's requirements to understand customer views including on Water Support and willingness to pay and that it continues to conduct research to understand customer support for the plan and the DD.
- s) The Company emphasised the importance on continuing to engage with customers beyond the PR24 period because it is the right thing to do, rather than purely as a result of it being a regulatory requirement.
- t) The Forum member reiterated the importance of engaging a broad range of customers in differing circumstances.
- u) A Forum member inquired if Ofwat's general remark about not endorsing the financing of items they believed had already received funding posed a problem for the Company. This was asked with particular reference to the Living with Water (LWW) scheme in Hull.
- v) The Company confirmed that it is aiming to spend all the monies allocated for LWW and that there is a PC in place around that in AMP7.
- w) The Forum member asked whether the Company's research covered the rate that storm overflow issues would be resolved given that the DD reduces the allocation of spending and therefore would likely delay delivery. The Company explained that the Ofwat expectation generally is not to do less, but to do the same at lower cost, and the Company has concerns regarding deliverability.

Action 2: Initial summary report of the Draft Determination to be shared with Forum members.

7. Social tariff and water poverty update

- a) The Company presented on bill affordability, highlighting the changes since submission in October.
- b) Ofwat asked that companies provide support to customers in Income Deprivation (ONS definition). This represents 14% of customers across Yorkshire.
- c) Ofwat also asked that companies support customers in debt.
- d) These requirements will no longer be Performance Commitments (PCs) but form part of the licence condition.
- e) In AMP7 performance in this area was represented by submission of one line of data. In AMP8 this increases to around 60 lines of data to represent the substantial variety of customer support available.
- f) The eradication of Water Poverty was an initiative established by companies working with Water UK in response to a greater focus on fuel poverty and a desire by the industry to support its customers. Water Poverty does not have a clear definition.
- g) In the plan submitted in October, it was proposed to support 470k households across the range of support measures including debt write-offs, payment matching, support for increasing benefits and improving water efficiency.
- h) Of these, 280k households would receive a direct bill reduction. This support is targeted to low income households and those in debt, and reflects a £250m support package.
- i) Water Support provides support to around a third of customers that receive bill help. The scheme is being transformed for AMP8 from a one banded tariff to a three banded tariff.
- j) The Company explained that customers endorse a simple scheme that provides greatest support to households who most need it.
- k) As part of the response to the DD the Company proposes that customers on Water Support will receive a targeted bill reduction from next AMP in addition to a bill reduction next year.
- l) The Company detailed that their additional willingness to pay research, conducted since the original submission, showed customers endorse an increase equivalent to £25m extra for social tariff support than initially understood. This would allow Water Support to be extended to 65k more customers by FY30 and would mean that all customers in economic deprivation could be helped.
- m) The Company also aims to identify those customers who need this support and enrol them in the scheme more simply.
- n) These proposals are likely to form part of the DD response.
- o) The chair asked whether these proposals would bring the Company closer to the median level of support being offered by other companies. The Company

agreed that this would be the outcome of the proposals and pointed out that Ofwat classed the affordability plan as moderately ambitious.

- p) A Forum member asked for more clarity about the water poverty measure and the Company explained that it is the calculation or definition which is causing challenges, including to external economists, rather than the ambition to support customers in that position.

8. Living with Water change request

- a) The Company has a change to submit to Ofwat before AMP7 reporting.
- b) There are three reasons that a company is permitted to request a change to a PC within the AMP – where an error has been identified; where there is a change in a third party position; to reflect a change in customers’ interest.
- c) The Living with Water (LWW) scheme is a partnership approach between the Company, the local authorities, the Environment Agency and University of Hull.
- d) The PC measures the expenditure of the £23m investment awarded and is supported by a reputational gateway which reports the reduction in internal flooding risk for a number of properties flooded at 1 in 5, 1 in 30 and 1 in 75 year events.
- e) A human error in the wording of the definition has been identified which is now causing challenges in reporting. The word “protected” has been used in the definition when the phrase “reduction in flood risk” was intended.
- f) It is proposed that the Company approaches Ofwat for the following amendment to the definition

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

- g) This aligns the definition to the specific wording in the CMA final report.
- h) All partners in the LWW partnership have given support for the amendment.
- i) The Company invited the Forum to provide a letter of support for the amendment.

Action 3: The Company to share further details of the request with members of the Forum’s environment subgroup for consideration outside of the meeting.

9. Skipsea Bathing Water change request

- a) The bathing water at Skipsea has been closed and the Environment Agency is unable to access the water for sampling since coastal erosion has made access unsafe.
- b) Bathing waters can only be classified as 'Excellent', 'Good', 'Sufficient' or 'Poor' and there is no classification to reflect the inability to test.
- c) Since Tunstall was de-designated, the PC has been that 18 of 18 beaches perform at 'Good' or 'Excellent'. There is no scope for a unmeasurable beach and as such an underperformance penalty would be incurred.
- d) The chair asked about the inclusion of Ilkley – that if one bathing water area became unusable could it be replaced in the PC rather than removed. The Company explained that as there is no provision to add a bathing water during an AMP. Ilkley will be added in the next AMP.
- e) The Forum supported the request to remove Skipsea bathing water from the PC.

Action 4: The Company to share the details of the request with members of the Forum.

10. AOB

- a) The Forum sought initial feedback from The Company on the recent Ofwat Your Water, Your Say event. The Company felt that the questions posed during the session may not reflect the views of the entire customer base due to attendees not necessarily being representative of the wider population.
- b) A Forum member commented that Ofwat missed an opportunity to engage with attendees on a personal level and challenge misconceptions, noting that the tone was very corporate. Given that it should have been expected that storm overflow questions would be so prominent, no effort was made to set records straight or directly answer questions.

Action 5: Forum members to review June's minutes and raise comments before 2nd August.

Actions tracker –

July 2024

Ref.	Action	Status
1	Research report into Cost Adjustment Claims and Enhancement Cases to be shared with the Forum.	Complete
2	Initial summary report of the Draft Determination to be shared with Forum members.	Complete
3	The Company to share further details of the request with members of the Forum's environment subgroup for consideration outside of the meeting.	Open
4	The Company to share the details of the request with members of the Forum.	Complete
5	Forum members to review June's minutes and raise comments before 2nd August.	Open

June 2024

Ref.	Action	Status
1	Placeholder debrief meeting to be scheduled for early August	Complete
2	The Company to distribute notes from Ofwat's Your Water, Your Say event to Forum members.	Open
3	The Company to provide an update on the Total Household Complaints PC classification once resolved.	Open
4	The Company to share the final version of the draft Vulnerability Strategy document with Forum members.	Complete
5	The Company to share link to APR publication.	Complete

May 2024

Ref.	Action	Status
1	Review detailed findings from the 2023 Water Matters report at a future Forum meeting.	In progress
2	Further detail on the Company's approach to the Social tariff in AMP8 to be brought to a future meeting, specifically that some companies appear to have gone further.	Complete

3	The Company to provide an update on its ambitions towards the eradication of water poverty.	Complete
4	The Company to circulate details of the fish passage research on completion.	Open
5	The Company to share a link to quarterly reporting on publication.	Complete
6	The Forum chair to send draft content for the APR statement to the Company when ready, including reports from the two subgroups.	Complete

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
3	The Company to update the Forum on GSS changes.	Complete

March 2024

Ref.	Action	Status
1	The Company to send the research for enhancement cases and cost adjustment claims for smart metering and water mains replacement.	Complete
3	The Company to keep CCW updated on Period Products activity.	Complete

February 2024

Ref.	Action	Status
5	The Company to share data tables detailing benefits with The Forum [Working with Others PC]	Open
6	Add an Environment subgroup agenda item – deep dive Working with Others PC schemes, prioritised by spend	Complete

January 2024

Ref.	Action	Status
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2	Minutes and papers for the monthly Forum meeting, as well as the subgroups, to be circulated at least 1 week beforehand.	In progress
4	The Company to circulate the outcome of the Horizon Scanning with details of how this is going to feed into Customer Research and Business Planning.	In progress