



October 2018



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We want you to have confidence in what we do, and we want you to have trust in the information we publish. To meet this aim and understand what our customers and stakeholders (those who have an interest in our business) need from us, we carry out a risks, strengths and weaknesses consultation. Through this process we gather the views of all our stakeholders and combine them with our own assessment of our performance so that we have a clear understanding of the improvements we need to make. We call these our 'targeted areas'.

In this summary, we will go through our approach for creating this statement and list our targeted areas of assurance.

## Read the full statement

This is a summary of our risks, strengths and weaknesses statement. If you would like to read more about how we put our statement together including the information we gathered, you can find it on our reports page here:

[www.yorkshirewater.com/reports](http://www.yorkshirewater.com/reports)

## Get in touch with us

To gather information for this statement, we made every effort to make sure we got in touch with all our stakeholders. We talk more about this in our approach to gathering information.

If we have missed you off our stakeholder list and you would like to give us feedback on this statement, please get in touch with us using the details on this page. We may ask you to call our switchboard if you use our webchat communication channel.

We will also make sure that we get in touch with you the next time we write our statement so that you have the opportunity to help shape this statement.

### You can contact us in the following ways.



Email: [publicaffairs@yorkshirewater.co.uk](mailto:publicaffairs@yorkshirewater.co.uk)



Sending comments via our website link: [yorkshirewater.com/contactus](http://yorkshirewater.com/contactus)



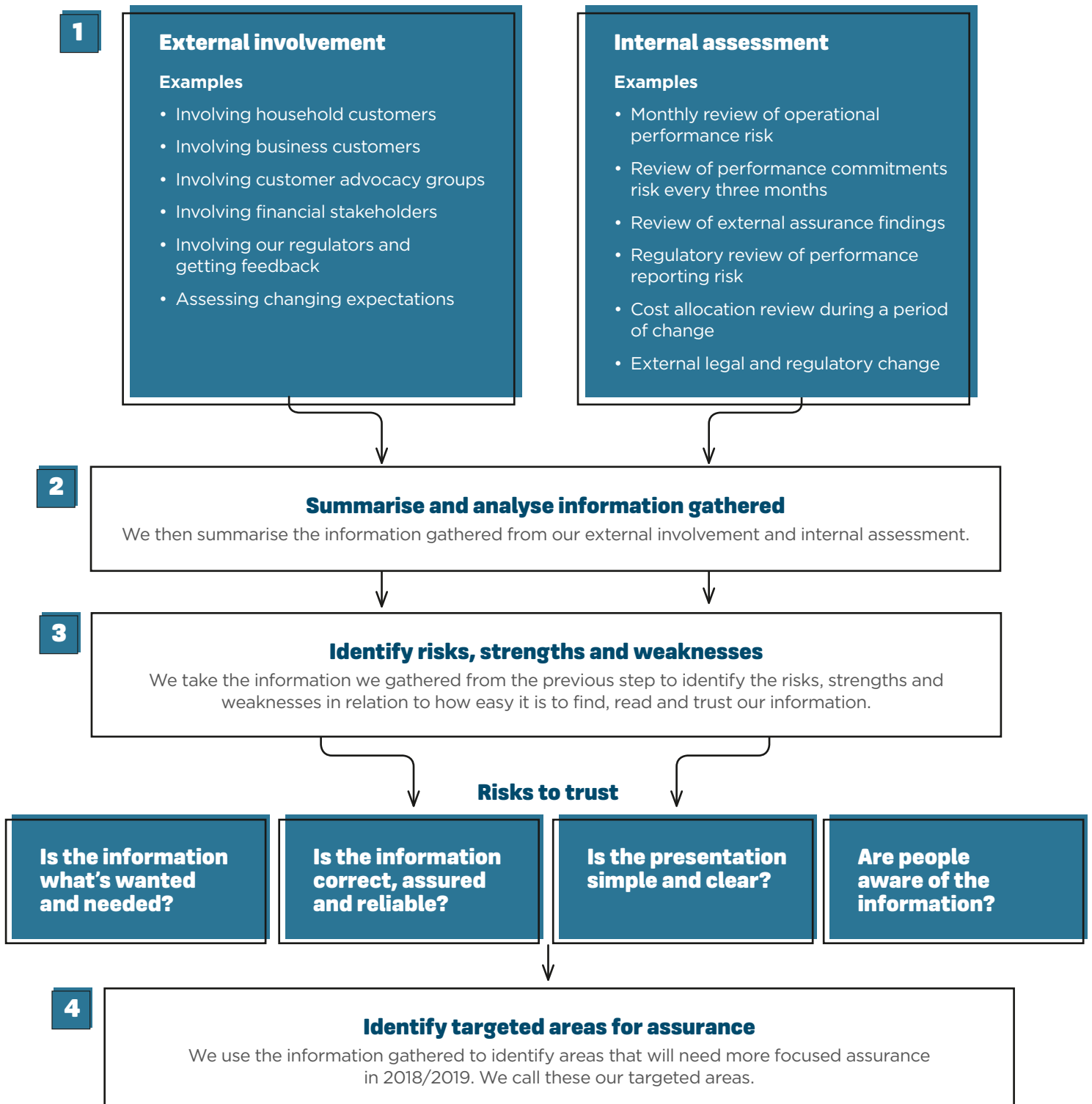
Or posting them to us:  
**Regulation Department**  
**Yorkshire Water, Western House,**  
**Western Way,**  
**Buttershaw, Bradford**  
**BD6 2SZ.**

# 1. Our approach

## Our approach to understanding our Risks, Strengths and Weaknesses Statement

We gather information from a variety of sources to understand where there are risks, strengths and weaknesses in the information we publish and in the way we report it. Our four-step process to identify our targeted areas for assurance is set out below.

### Gather information



# 2. Our targeted areas of assurance

**A review of the risks, strengths and weaknesses identified through this consultation has helped us to see the areas that will need more focus in 2018 and 2019. We call these our targeted areas.**

The table below identifies the targeted areas of assurance we will be focusing on in 2018/2019 and the reason why they are most important.

We have also provided an update on the targeted areas of assurance we included in our statement last year. We describe the assurance we carried out and actions we took on these areas in our Annual Performance Report in Section 4. Here is a link to our reports webpage: [www.yorkshirewater.com/reports](http://www.yorkshirewater.com/reports)

Ref	Targeted areas	Status	Why this area is most important
1	Performance commitments where the target was missed in the previous year.	Updated from 2017/2018	<p>This year we have missed the following performance commitments.</p> <ul style="list-style-type: none"> <li>• Drinking-water quality</li> <li>• Drinking-water quality contacts – this is the number of times customers contact us each year, in line with Drinking Water Inspectorate standards on the rate of contacts for appearance, taste, odour of water and illness. (This is also an area where we are at risk of having to pay a penalty.)</li> <li>• Leakage – this is the total of distribution losses and supply pipe losses. This includes any uncontrolled losses between our treatment works and customers’ stop taps. It doesn’t include internal plumbing losses.</li> <li>• Energy generation</li> </ul> <p>This links to our data assurance process.</p>
2	Performance commitments where we are forecasting a financial incentive reward (at September 2018).	Updated from 2017/2018	<p>We are forecasting a financial incentive reward for the following performance commitments.</p> <ul style="list-style-type: none"> <li>• Pollution incidents (category 3)</li> <li>• Water-supply interruptions</li> <li>• Internal sewer flooding</li> <li>• Working with others</li> </ul> <p>We will target these performance commitments to make sure we achieve a financial reward. This links to our data assurance process.</p>
3	Price control cost allocation.	Updated from 2017/2018	<p>Price control cost allocation is an area which our technical assurer, Jacobs, considers needs more attention. We will continue to target this area to deal with the risk. This links to our data assurance process.</p>
4	Customer understanding and awareness of the information we provide.	Added to 2018/2019	<p>This targeted area links to many of our strengths and some of our weaknesses. We are targeting this area because we want to continue to build on our strengths and get rid of weaknesses in our reporting.</p> <p>We have started to develop a set of principles focused around the feedback we have received from our customers and stakeholders. They are shown below.</p> <ul style="list-style-type: none"> <li>• We will make sure our publications are easy to read and written in plain English.</li> <li>• We will make sure the information in our publications is accurate, reliable and trustworthy.</li> <li>• If publications are longer than 30 pages, we will include a much shorter version, if this is appropriate.</li> <li>• We will make sure our publications are easily accessible on our website.</li> </ul> <p>This links to our wider assurance process.</p>

Ref	Targeted areas	Status	Why this area is most important
5	Effect of our internal SAP programme on our reported information.	Added to 2018/2019	In 2018/2019 we are upgrading our SAP system. SAP is enterprise software to manage business operations and customer relations. Our upgrade project is called our SAP programme. We are targeting this area because the accuracy and completeness of the information from our IT systems is central to the overall accuracy of the information we report on. Our assurance will focus more on making sure the information we report on is accurate during the period where we change from our old SAP system to our new SAP system. This links to our data assurance process.
6	Meeting regulatory guidance.	Added to 2018/2019	<p>We are targeting this area because we need to make sure we meet any new regulatory guidance and requirements. We also need to make sure we keep to existing guidance. Two examples are shown below.</p> <ul style="list-style-type: none"> <li>• Principal use – Where possible, our capital spending and associated loss in value of an asset should be directly attributed to one of the price control units. If this is not possible as the asset is used by more than one service, it should be reported in the service where it is mostly used with recharges made to the other services that use the asset to reflect the proportion of the asset used by those other services.</li> <li>• Our calculation of average pumping head – this is the vertical distance that we are able to pump our water when its stored in boreholes for example.</li> </ul> <p>This links to both our data and wider assurance processes.</p>
7	Accuracy of information.	Added to 2018/2019	<p>We are targeting this area because, through our own assessment and Ofwat’s query process, we identified some mistakes in our reporting. While there weren’t many mistakes, we can improve in this area and we will aim to improve our assurance process from the lessons we have learnt so we can prevent mistakes in our reporting in the future.</p> <p>This links to our data assurance process.</p>

## Next steps

We will publish the draft assurance plan associated with our regulatory reporting and our targeted areas alongside the risks, strengths and weaknesses statement.

In our draft assurance plan, we will describe how we are going to build on our strengths, deal with our risks and correct our weaknesses. We will describe how we will do this, when we will do it by and how we will monitor it to make sure we are on track. We will describe the checks we will carry out for our targeted areas.

The draft assurance plan will be published for consultation. All feedback received before 31 December 2018 will be used to create our final assurance plan. All feedback received later will be used in our future review processes. The final assurance plan will be published in March 2019.

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