

Yorkshire Forum for Water Customers
Minutes of Meeting
7 May 2019

Attendees:

Andrea Cook	Chair
Alistair Maltby (Dial in)	The Rivers Trust
Dave Merrett	Independent Member
James Copeland	National Farmers Union
Janine Shackleton (Dial in)	Consumer Council for Water (CCW)
Roger Martin (on behalf of Melissa Lockwood)	Environment Agency (EA)
Steve Foers	Citizens Advice
Wendy Kimpton	Yorkshire Water (Head of Regulation)
Kirstin Hutchinson	Yorkshire Water
Andrew Smith	Yorkshire Water
Rebecca Dovener	Yorkshire Water

Apologies:

Melissa Lockwood	Environment Agency (EA)
Pam Warhurst	Pennine Prospects
Tom Keatley	Natural England
Chris Griffin	Independent Member

Para
No

1) Welcome

- a) The Chair welcomed Forum members to the meeting.
- b) Apologies were noted as above.

2) Minutes and actions of the last meeting

- a) Minutes from the meetings of 13 December 2018, 7 February 2019, 5 March 2019 and 22 March 2019 were approved.
- b) Actions were reviewed and updated. A full review of all actions will be undertaken by the Chair offline.

3) Ofwat/ CCG Update

- a) A discussion was held on the role of CCGs going forward, in particular the potential for national customer research. The company was conscious that national research/testing wouldn't take into account regional factors. Ofwat implied that it had have lost direct engagement with customers and that undertaking its own research/engagement would allow it to appreciate and challenge regional groups.

Consistency of memberships within CCGs was also an area of focus. Membership of the CCGs are a combination of national bodies (e.g. EA, Natural England) and specialists (e.g. market researchers) which had very different skill sets compared with national representatives throughout the PR14 Price Review.

The Chair of the Forum anticipated there would be a review on the role of CCGs. There have been excellent, good and poor plans and there is need to understand the various

outcomes, surprisingly there had been no exceptional plans. The Forum was keen to understand where the bar is. The methodology for PR19 was vast and complex; a discussion was held about a narrower scope or extended timeframe. The EA voiced appreciation for a continuous cycle as opposed to 5-year plans.

- b) The Forum hoped a comprehensive 'lessons learnt' session would be held around the time of Draft Determination. PR19 has been tight with regards to timescales for customer testing and updating CCGs.
- c) The Chair will attend the next Ofwat CCG meeting in May 2019 and feedback; following this the next CCG meeting is September 2019.

4) PR19 Update

- a) The company presented a PR19 update.
- b) Overall there has been a strong defence of cost on original plans from the majority of companies. Significant scrutiny companies have made the biggest moves, slow track companies are broadly consistent regarding areas of concern and, in most cases, supported by detailed external reviews.
- c) ODIs overall are a mixed picture across the industry. Some companies have accepted the imposition of Ofwat calculated ODI rates. The company advised the targets and size of penalty and reward directly linked to customer research were what had principally changed
- d) There have been several modest average bill changes proposed. Regarding the social tariff, several companies re-engaged with customers on the degree of acceptance for subsidies between £2.75 and £3. There are few companies that fund providing their own support; the company is one of four. The customer contribution for the company is £1.75.
- e) Regarding gearing all but one company now accepts the sharing mechanism, however a number of companies still project gearing around 75%.
- f) The Forum asked the company if there had been any correspondence from Ofwat other than clarifications? The company advised no, but that a meeting has been arranged for 20 May.
- g) Ofwat has published the draft determination for the three 'fast-track' companies. Ofwat confirmed the cost sharing rates for over and under-performance will be 50% for these companies. Key components included; bill reduction, support for customers struggling to pay their bill, reducing leakage by 15% and interventions on PC and ODI packages.

4) Annual Performance Report (APR) Update

- a) The company presented an APR update.
- b) The APR will be published on the 15 July 2019. Within the APR there is a lot of information on Performance Commitments (PC). Customers have observed that the performance summary is still 22 pages long, the suggestion for 2018/19 is to create a customer summary in the form of a two page pamphlet with basic information. The Forum asked if there was a clear drive or request for another summary? The company responded to say that there is suite of documents that vary in length depending on the audience; for general customers 2-4 pages is ideal, for the more informed customer 22 pages and for practitioners the full APR document. The company welcomed the Forum's views; the Forum agreed that the two page pamphlet was a good idea.

- c) Last year the company created two videos on the company position on tax and company structure. This year the company hope to produce another two videos potentially on governance, dividends, directors pay and/or something on performance. The company also hopes to display performance information directly on the website, this will allow customers to see the company performance at a glance.
- d) The Forum statement last year included; the background of the Forum and details of members, the role of the Forum and reflection on the year. The company asked if the Forum would like this year's statement to be in the same format and if there is anything they would like to focus on in the reflection section? The Forum advised that the statement must include performance on the drought, leakage performance and the service improvement plans (UQ). The Forum also suggested that the statement they made as part of the IAP response could provide some information for this statement.
- e) An external assurance update was provided. The company's external auditors, Jacobs, had assured approximately 130 lines of data, of the 1060 lines that need submitting to Ofwat. There is 21 days of assurance outstanding that will be completed by the 22 May 2019. To date no material actions had arisen. Deloitte will commence the assurance of the financial tables on 17 June 2019. Jacobs will provide an update on the assurance completed and key findings at the June Forum meeting.
- f) A brief update was provided to the Forum on the expected outturn of the PCs. The Forum was advised that the figures presented are pre-audit and that they may be subject to change. The PCs that have been through assurance so far are; working with others, SIM and helping you pay. The Forum asked that an update on pollution plans is presented back to the Forum and asked if the company could work with the EA on presenting a joint paper to Forum members.

5) WINEP Update

- a) The company presented an WINEP update.
- b) On 29 March 2019 there had been the WINEP3 Annual Revision, on 26 April 2019 the advert was placed in the Gazette and the 13 May 2019 is the effective date of the designation.
- c) In the 2018 PR19 submission all amber schemes were forecast for completion as follows; 31 March 2019 UWWTD and 22 December 2018 WFD. Designation of UWWTD Sensitive Area in May 2018, which implies the seven year compliance period will move to May 2026. This change in date gives rise to a 14 month window of opportunity for rephrasing. Provisional discussion have been held with the EA regarding acceptability of programme re-phasing based on seven year compliance allowance under the legislation.
- d) Phasing analysis is being undertaken to achieve an objective of maximising the environmental benefit in AMP7, whilst considering the phasing of expenditure to minimise the impact on customer bills. The team is working on the principal of keeping at least 80% (511km) of length of river improved, with phosphorous benefits taking place in the AMP7 period. Initial discussions with the EA indicate it is acceptable to proceed with detailed scenario planning on this basis. Phasing scenarios are nearing completion and will then be presented to the EA and the Forum.
- e) Potential risks were highlighted to the Forum; the EA formal agreement is verbal to date and is needed for Ofwat to include phasing into Draft Determination for the alignment of expenditure and benefits for Ofwat's modelled allowance.
- f) Next steps included completing analysis and representing the changes from the PR19 submission, including; river length, expenditure phasing and bill impact and obtaining formal agreement from the EA on the phasing proposal. There will need to be agreement with the Forum on the phasing proposal to go into the submission and open dialogue with

Ofwat on the phasing scenario for inclusion in the Draft Determination. The company asked the Forum how it wanted to see the proposal; the Forum asked if the sub-group could review the proposal in detail and return to the main Forum with its observations.

6) AOB

- a) No AOB.

Next meeting

13 June 2019, Livingstone House G:1

Actions

Summary of actions: 14th December 2017

No	Action	Comment
5	<p>Company to construct email to Ofwat regarding LORI.</p> <p>Post meeting update – (05/04/2018) Company have contacted the relevant department for an update.</p> <p>Post meeting update – (01/08/2018, 23/10/2018, 02/11/2018, 26/11/2018) Company have contacted the relevant department for an update, awaiting copy of the email sent to Ofwat in regard to LORI.</p>	Close

Summary of actions: 15 February 2018

No	Action	Comment
1	<p>Would the DWI champion a joined-up approach regarding phosphate dosing/lead removal. DWI to respond back to Forum.</p> <p>Post meeting update – (11/06/2018) Company have contacted the DWI on two occasions for an update.</p>	Close

Summary of actions: 14 June 2018

No	Action	Comment
4	<p>Company to project the level of investment and timescales to display how discolouration will be reviewed to help the Forum understand the plan and resources.</p> <p>Post meeting update 06/06/2019: To be reviewed when received Final Determination (FD).</p>	Ongoing

Summary of actions: 13 December 2018

No	Action	Comment
3	<p>Company to consult the Forum on the risk analysis regarding pollution and ISF alongside the EA and CCW (in 3 months' time).</p>	Ongoing
5	<p>Company to provide an update to the Forum in 3 months' time regarding leakage and supply interruptions.</p>	Complete

Summary of actions: 7 February 2019

No	Action	Comment
6	Company to circulate a paper to the Forum if extended permits are required.	Noted
7	Company to circulate a regular update on the water resource position via email. Post meeting update – (07/05/2019) Company attend June Forum to provide an update.	Closed
8	Company to circulate a second information paper on metaldehyde.	Complete

Summary of actions: 5 March 2019

No	Action	Comment
1	The Forum asked the company to help customers understand the efficiency challenges.	Complete
2	Company to change the name of the document from Assurance Plan.	Closed

Summary of actions: 22 March 2019

No	Action	Comment
1	Company stated that it would circulate information about the areas of the WINEP programme which could be deferred until AMP7 in due course. Post meeting update 06/06/2019: Company shared with Forum the EA letter confirming date changes for the UWWTD sensitive water designations. Company also shared letter sent to EA with phasing proposals (no response received yet).	Complete
2	Company will circulate the economic papers.	Complete
3	Company to circulate a more comprehensive slide on WINEP in due course.	Closed, duplicate of action 1
4	Company to circulate evidence documents for asset health and leakage.	Complete