

**Yorkshire Forum for Water Customers
Minutes of Meeting
16 December 2021
Microsoft Teams call**

Attendees:

Andrea Cook	Chair (in part)
Chris Griffin	Independent Member
Dave Merrett	Independent Member
James Copeland	National Farmers Union (in part)
Janine Shackleton	Consumer Council for Water
Melissa Lockwood	Environment Agency (in part)
Pam Warhurst	Independent Member (in part)
Steve Foers	Citizens Advice (in part)
Kirstin Hutchinson	Yorkshire Water
Sumayya Mahmood	Yorkshire Water

Apologies:

Chris Offer	Yorkshire Water
Tom Keatley	Natural England

Guests:

Danielle Skilton	Yorkshire Water
Claire Green	Yorkshire Water
Lucille Huty	Yorkshire Water
Luke Ferriday	Yorkshire Water
Paul Chapman	Yorkshire Water

1) Welcome

- a) Members were welcomed to the meeting and apologies were noted as above.

2) Minutes and actions of the last meeting

- a) Commentary to be added to the November minutes for the Consumer Council for Water (CCW) priorities item, and a note to action the Forums request for an organogram
- Action from October for subgroup replacement to be escalated to director level

3) PR24 Collaborative Customer Research

- a) Ofwat published a paper in October regarding PR24 collaborative research, since the paper was published several workshops have been conducted. The paper sets out the scope of the research and Ofwat's views as to how it will fit with company led research and engagement, the timing of the research and the delivery and governance around it.

The scope is being set out across three areas: research on common Performance Commitments (PCs), Outcome Delivery Incentive (ODIs) rates research, and Acceptability and Affordability testing. Ofwat are proposing to set initial PC levels at the level corresponding to the base expenditure, with deviations from that based on companies' own research, relating to their long-term delivery strategies. Ofwat do not think it is appropriate for the collaborative research to cover PC levels.

CCW are leading a piece of qualitative research on common PCs, 12 focus groups are being held across England and Wales and the groups are made up of mixed customers. The company noted that only six customers from the Yorkshire region are in these groups, the company have asked CCW and Ofwat how they will be able to identify any regional differences that may exist.

- b) Ofwat are expecting companies to build and take forward their own engagement with customers for PR24 and beyond, taking responsibility for their relationships with customers. Ofwat are also allowing bespoke PCs relating to local circumstances. An observation made in the workshops with Ofwat is they want to achieve consistency of approach and comparability of results; therefore, they will attach greater weight to the results of the collaborative research for these areas.

The Forum queried if Ofwat are setting the national and long-term agenda, and if companies are setting their local agenda, the company advised Ofwat are setting the base provision of service for the next five years and expect companies to set the long-term ambition and delivery, and anything outside of the core activity, companies must submit a clear well evidenced business case. It was noted that Ofwat may apply zero weighting to company own research.

The Forum queried the estimate of total number of customers in these workshops, or any organisations involved. The company instructed there

has been a desk exercise by Ofwat, taking all the company evidence predominantly from PR19, and from companies who have done priorities research for PR24, and this has informed where Ofwat are with their consultation. There has been more focus on quantitative research at present to help achieve consistency and comparability of results.

The Forum asked how this benefits Yorkshire Water customers, or does it have more benefit to Ofwat, the company advised it firstly benefits Ofwat because of the difficulties experienced in previous price reviews regarding variances in data across companies. The Forum noted they would like to see how this develops over time.

The forum queried Ofwat's commentary on Ofwat stating it is not appropriate for collaborative research to cover PC levels, the company advised that Ofwat have said the research won't inform the levels that support the PCs, but it is the reward and penalty of the ODIs, however, this may level out. The company are monitoring this.

- c) The common PC research is due early 2022 and the ODI research is due by July 2022. However, no ODI value will be available until end 2022. The acceptability and affordability research will be spilt across two phases in 2022 and 2023.

Ofwat have concluded the delivery of the research may differ for each piece of work. The timescales to turn work around will be quite narrow. Ofwat are keen for companies to collaborate on fieldwork, at a minimum, this would involve water only companies collaborating with the water and sewerage companies within their operating areas. Ofwat will provide more clarity on this early 2022.

The Forum queried the use of external bodies, the Company advised they have a research agency called Yonder, to deliver the common PC work, for the ODIs rates research they have commissioned Accent market research, and they have an economic representative to support the activity.

- d) The company are working with Ofwat regarding the governance of the collaborative research, and the national steering group in England & Wales. Every water company is a member of the group and will meet monthly. Other bodies, such as CCW and the Environment Agency (EA) are involved.

The Forum queried the reference to consumer groups, and if there will be any representation from CCGs, the company advised there has been no

mention of a CCG chair representative, the company will feedback in the New Year to Ofwat.

- e) Regarding next steps, Ofwat will continue to engage with the sector via industry workshops. The company will feed into these workshops, and will be participating in the development of approach for the design of the centralised ODI rates research being led by Ofwat/CCW.

4) Ofwat consultation: future of PCs and ODIs

- a) Ofwat launched their consultation in November, and submissions are due in January 2022. The consultation presents Ofwat's emerging proposals for PCs in PR24. Ofwat have proposed to focus on outcomes in three areas: excellent customer service, environmental outcomes, and operational resilience. The framework is proposing 21 common PCs. PCs relating to operational resilience and asset health will be consulted on in 2022. Bespoke PCs will only be allowed by exception, and all PCs will have financial incentives only.
- b) PCs under each of the areas were shown to the Forum in detail and are grouped to show if they are continuing from PR19 or are new PCs for PR24. There were three bespoke PCs under customers receiving excellent service which were previously from PR19 and have been removed, the Forum queried the removal of the PCs (referencing the low-pressure PC) being due to not meeting the criteria from Ofwat, the company advised they have not been explicit on why, the company noted at PR19, 11 companies had low pressure as a bespoke PC, which Ofwat have discussed in their consultation but they don't think it will become a common PC.

Environmental outcomes and operational resilience PCs were discussed with the Forum. Regarding the other PCs, Ofwat has been clear that long term outcomes should be focused on, bespoke PCs will only be considered when issues are of specific local importance, or when performance is poor, but the PC is not a concern for other companies.

Ofwat are considering a principles-based licence condition regarding requirements to support vulnerable customers. Price Control Deliverables (PCDs) should be proposed to protect customers against the risk of non-delivery of significant investment where they are not protected through PCs.

- c) Regarding next steps, responses will be submitted mid-January, the draft methodology in June/July 2022 will present the outcomes of the consultation and subsequent PC development. The PR24 team are reviewing implications and drafting responses, some of the details the company may respond to include how targets for PCs will be approached, if companies have the same targets for each of the common PCs, clarity over the definition of local importance for bespoke PCs and details of how PCDs will work.

The company asked if the proposed by Ofwat captures the greatest importance for customers.

Action 1: Forum to feedback to the company regarding if they believe Ofwat capture the measures of greatest importance for customers.

The Forum advised they would like sight of some of the company's responses, the company agreed to share in the New Year.

Action 2: Company to circulate draft consultation response to Ofwat with the Forum prior to the submission.

The Forum advised it is crucial both the operational and embodied carbon PCs are included, and suggested the company include these. The Forum also advised if the lead PC is not national for companies, as understandably Ofwat may not make this a national PC, the company retain it as a local bespoke PC due to the number of lead pipes in the region and the health risk. The company instructed it is not part of their PCs this AMP, but they could review what other companies have done, and reassured the Forum there is work and investment ongoing to replace lead pipes.

The Forum queried if there could be unintended consequences, giving an example of where PCs conflict with others, such as leakage and bursts. They also queried if there will be consistent financial incentives, as they vary across companies, and it would be helpful to view how Ofwat pitch incentives across companies.

5) Drainage and Wastewater Management Plan (DWMP) framework overview

- a) The DWMP is commissioned by Water UK. The plan is a new way for organisations to work together to ensure drainage and wastewater systems are sustainable, robust, and resilient to future pressures such as

climate change and population growth. There is a common framework process for all companies to follow.

As part of the plan, water companies also work with other organisations that have responsibilities relating to drainage, flooding, and protection of the environment. The DWMP is enshrined in law following the Environment Bill passing in Parliament. Cycle 2 will be regulatory for the industry going forward.

This is the first cycle for the company.

- b) The programme for completing a DWMP was displayed to members. The programme started in 2018/19, and the company aim to align as much as possible with other external long term planning frameworks such as the flood risk management plan and the River Basin management plan. In 2022 the company's draft plan for consultation is published.

The company's programme was shown to members, showing what work has been completed and where they are currently, and where they want to be in the future. The customer research scope will begin early 2022.

- c) The company's DWMP approach is across three levels.
- Level 1: Yorkshire region
 - Level 2: 17 strategic planning units (River Basic & urban area alignment)
 - Level 3: 617 tactical planning units (wastewater treatment works catchments (WwTW))
- d) The company has created planning objectives, based on what the DWMP is looking to consider and plan to address. The objectives are across four areas: flooding (internal and external), Combined Sewer Overflows (CSOs), Wastewater Treatment Works and Resilience (1 in 50-year storm). The company aim to understand how resilient their catchments are between 2020, 2030, 2050 and 2080. Future planning scenarios include the impacts of climate change and population growth.

A process overview was shared with members regarding risks from all the WwTW catchments.

- e) Stakeholder and customer engagement has been an ongoing process throughout all stages of the DWMP. The company will expand on the scope of their engagement now they're moving towards a point where they have more data and outputs to share with other parties. Customer research will commence from January/February 2022 where they will discuss processes and proposed scenarios to understand what is important to customers and what they want the company to prioritise.

A customer facing DWMP page will soon be available through the website. The company advise they would like to understand the Forums thoughts to ensure they have a plan that gives the best value to customers and communities.

The Forum queried what happens on boundaries of other utilities, and the impact to customers. The company advised the drainage catchments are independent of each other. The company discuss works with other companies to avoid any negative interaction, but which company the customer pays their sewage bill to, is who is responsible for the DWMP.

Action 3: DWMP customer engagement to be discussed at a merged comms and environmental subgroup, results to be fed back to Forum

The Forum observed the planning objectives and referred to the recent Storm which impacted companies' wastewater abilities and their ability to supply drinking water. They asked if the company are considering these types of issues within their plans. The company advised as part of the DWMP there is a requirement to include power outage and comms risks, they have been working with teams to understand how to map these across to the DWMP. The Forum suggested a deep dive on this risk.

- f) The company has GIS technology to build websites and embed data for customers to view. They have created a DWMP Hub page using this technology. Primarily, it is being aimed at stakeholders, and will later be rolled out to customers in an easy-to-understand format. The site shows catchment data across Yorkshire, and includes risk-based catchment screening, allowing a view to show catchment breeches with detailed analysis. Information can be restricted across stakeholders, so only

particular areas can be viewed. Different dashboards were briefed to Forum members

The Forum commented on the capacity dashboard, and the protection it offers to customers via a different mechanism.

Work is in scope to understand how to translate this into a format that customers will understand.

6) Tunstall Bathing Water Change Control

a) The Forum have previously been cited on Tunstall Bathing Water and the effect on the PC due to the beach being closed, therefore the Environment Agency are unable to sample the beach and the company cannot report on this bathing water/ The impact on the PC as a result is an annual £1.2m penalty. There is no clarification in the definition of this PC as to what to do if a beach is closed. The company previously asked the Forum for their support on the approach and the Chair supplied a letter of support. The company asked Ofwat for a change to the definition, whether it be a change in the clause of the PC, or to report the beach at its most recent classification. Ofwat advised this would be reviewed after the APR, in the meantime, Ofwat allowed reporting to be waived during 2020/21 due to Covid.

b) Since the APR has been published, Ofwat have advised they are unable to approve the change request, subsequently, this leaves the company paying up to £5m in penalty for the rest of the AMP on a beach that is closed. The East Riding of Yorkshire Council have indicated they are moving ahead with a de-designation of this beach, which will remove the PC, however, this won't be completed for a few years.

Ofwat have advised the change request is not in the best interest of customers, and that the company haven't provided enough evidence as to why it is in the best interests of customers. The company have requested that the definition is amended so that if a beach is closed and there can't be any sampling you report the most recent classification, this aligns with the similar PCs for Anglian and Southern and aligns with the definition that has been put forward for the common PC for bathing waters in AMP8.

The company have asked the Forum for their advice and support. The Forum stated that if it is in the interest of customers in other regions, such as Anglian Water, why is it not in the interest of Yorkshire customers. The Forum queried the financial impact, and if it would affect customers' bills, which could be added into the discussion with Ofwat.

The Forum reflected on the earlier agenda item on Ofwat's consultation on future of PCs and ODIs and commented that the definition does need to be carefully considered as this could lead to being in reward or penalty from no fault of the company actions.

The sub-chair recommended a member of the Forum support and work with the company.

7) ToR review update

- a) Agenda item to be rearranged to January 2022.

8) AOB

- a) The company noted the impact Storm Arwen had and the impact on customers water supply, some customers had a loss of water for a significant amount of time, and the company are going through a lesson learnt exercise and will deliver the output to the Forum at a future meeting.

Next meeting

13 January 2022 via Microsoft Teams

Actions

Summary of actions: 21 January 2021

5	Company to provide feedback on research and communications with customers during covid Post meeting update Company attended and shared research results	Complete
----------	---	-----------------

7	Additional feedback on how industry spend on communications compares across various companies to be shared with the Forum	Ongoing
8	End of year project reports to be shared with the Forum Post meeting update Projects shared with the Forum at the December 2021 meeting	Complete

Summary of actions: 18 February 2021

2	Company to share the Land Strategy programme with the Forum once developed. Post meeting update Programme to be shared with the Forum in April 2022	Ongoing
---	--	---------

Summary of actions: 18 March 2021

1	Company to consider content and attendance from the Director of Customer Experience	Ongoing
---	---	---------

Summary of actions: 17 May 2021

1	Company to consider a partnership section on the YW website Post meeting update Company is working with communications and engagement regarding this	Ongoing
5	Company to keep the Forum up to date and included in the CCG review process	Ongoing

Summary of actions: 15 July 2021

No.	Action	Status	Due date
1	Company to arrange GIS data/maps update at a future Forum meeting Attended December meeting	Complete	December

Summary of actions: 18 October 2021

No.	Action	Status	Due date
2	Company to advise Forum who will be replacing Miles Foulger's role	Complete	

Summary of actions: 18 November 2021

No.	Action	Status	Due date
2	Company to provide Forum with an organigram	Complete	

Summary of actions: 18 December 2021

No.	Action	Status	Due date
1	Forum to feedback to the company regarding if they believe Ofwat capture the greatest importance for customers.		
2	Company to circulate draft responses to Ofwat with the Forum prior to the submission	Complete	January
3	DWMP engagement to be discussed at a merged comms and environmental subgroup, results to be fed back to Forum	Complete	January