

Yorkshire Forum for Water Customers

Minutes of Meeting

8 March 2018

Hilton Leeds, Neville Street, LS1 4BX

Attendees:

Andrea Cook	Chair
Alistair Maltby	The River's Trust
Angela Collins	Consumer Council for Water (CCW)
Anthony Rabin	Yorkshire Water (Kelda Holdings Limited Chairman)
Ash Roberts	Yorkshire Water
Dave Merrett	Independent Member
Ez Chowdhury	Yorkshire Water
James Copeland (dialled in)	National Farmers Union
Janine Shackleton	Consumer Council for Water (CCW)
Julia Unwin	Yorkshire Water (Independent Non-Executive Director)
Liz Barber	Yorkshire Water (Director of Finance, Regulation & Markets)
Melissa Lockwood (dialled in)	Environment Agency (EA)
Michael Osbourne	Corsair (shareholder)
Olivia Walton (dialled in)	Yorkshire Water
Peter Stalley	Stepstone (shareholder)
Ray O'Toole	Yorkshire Water (Independent Non-Executive Director)
Richard Flint	Yorkshire Water (Chief Executive Officer)
Svetlana Bartholmy	GIC (shareholder)
Teresa Robson-Capps	Yorkshire Water (Independent Non-Executive Director)
Tom Keatley	Natural England
Wendy Kimpton	Yorkshire Water (Head of Regulation)

Apologies:

Chris Griffin	Citizen's Advice
Georgia Klein	Report Writer
Gillian Mason	Yorkshire Water
Janet Bone	Yorkshire Water
Pam Warhurst	Pennine Prospects
Paul Chapman	Yorkshire Water

Para
No

1) Welcome

- The Chair welcomed Forum members to the meeting. It was noted that the meeting is starting late due to travel disruption because of the adverse weather conditions. It was agreed by all members to postpone items 4 and 5 on the agenda.
- Apologies were received as above.

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2) Minutes/Actions of last meeting

- Minutes to be reviewed at a later date due to meeting timings.

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No

3) Update on the final assurance plan

- a) The draft assurance plan has exceeded Ofwat's expectations, however, work needs to be completed by the Company to ensure it meets customers understandings. The Company are currently working with customers through various means; it has produced an online survey and sent this to Yorkshire Water and Your Water customers as well as holding focus groups. Customers were asked about the assurance plan, 81% advised it was thorough and 62% advised the plan is important to them. Customers reviewed the targeted areas within the assurance plan and feedback received showed they believe Yorkshire Water are focusing on the correct areas. Customers also fed back that information could be more accessible.
- b) To improve the document, the Company has reviewed customers feedback and will use this to adapt the documents format to make it more customer friendly and at a level where customers can understand the plan. Internal reviews are ongoing to ensure the document meets customers' expectations as well as continuing to exceed Ofwat's expectation.
- c) It was noted to members that all documents within the public domain will follow the same format.

Action 1: Company to circulate figures to Forum members regarding customer responses in regard to proportion of vulnerable customers and demographics.

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No

4) Submission structure approach and overview

- a) Discussion to be postponed.

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No

5) Non-household research retailer research outputs

- a) Discussion to be postponed.

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No

6) Conversation with independent non-executive Board members

- a) Conversation held confidentially.

Para
No

7) Approach to PCs (Performance Commitments) and ODI (Outcome Delivery Incentives) Development

- a) The aim of today's discussion is to provide an update on PCs and ODIs, to discuss Ofwat's requirements and the Company's proposed actions and next steps.
- b) In the timeline of PC and ODI development, the Company is currently testing its PCs and ODIs with customers. It will submit an early submission to Ofwat in May.
- c) Ofwat have laid out in its methodology four principles;
 - 1. PCs and ODIs must be clearly supported by customers
 - 2. PCs need to demonstrate stretching performance compared to historic and comparative performance
 - 3. Stronger financial incentives for out and under performance for companies
 - 4. PCs and ODIs need to be affordable for customers, and delivered through efficiency and innovation

In addition to the methodology principles, the Company is adopting additional strategic principles:

- 1. PCs and ODIs should align with our strategic goals, and be acceptable to all stakeholders
- 2. Performance should be ambitious and achievable, and delivered efficiently
- 3. There should be an appropriate balance of risk and reward across the financial incentives
- 4. Incentives should reasonably balance customer affordability with company financeability

The company advised across all PC's it needs to ensure the stretch is correct and it maintains a balance between customer affordability, service and risk. The Forum commented that some of the PCs are stretching and they need to review where customers should be engaged. Stronger financial incentives need to be supported by customers.

- d) The Company has three proposals for PCs and ODIs;
 - A wider range of Performance Commitments
 - Stronger financial incentives, diversified across ODIs
 - Alignment of PCs & ODIs to Business Objectives

Ofwat has advised that stronger incentives are needed. For this price review (PR19) there is a need to re-balance and cover more bespoke incentives. The Company advised the application of caps and collars on ODIs in limited cases where exposure is not fully within management control or extra customer protection is needed. It advised that only in justified situations would they limit the incentives. It will be cautious when selecting PCs to put caps and collars on, to protect customers where performance goes above or below where it should be.

- e) There will be a 25-year forecast for all performance commitments. PC's will align to the long-term strategy. The vast majority of performance commitments exist with some new ones added, feedback from customers show they would like focus on continuous supplies. The direct response from customers showed they don't believe leaks are being fixed in enough time and they see this as a significant service failure.

Ofwat have required a new measure (drought risk) putting in place to demonstrate the resilience of keeping customers supplied with water in extreme circumstances, this will be

measured as part of Water Resource Management Plan (WRMP) through the Environment Agency (EA). YW have the highest service level in this area.

The Forum asked if there is a potential risk for PCs to interact with one another. The Company advised testing is ongoing and will continue throughout PR19 with a number of checks and balances in place. It was also questioned where the Company sees the risk on some of the PC's and how much is relied on others to deliver as well as YW? It advised to work in the most effective and beneficial way it needs customers support and to work in partnership. Informal feedback from customers has been supportive of this approach.

- f) Next steps were concluded, there will continue to be ongoing development of PC targets and ODIs in line with the business plan development. Customer research is ongoing and the Company plan to come back to the Forum in April/May. Draft definitions need to be submitted by 3 May 2018 to Ofwat. Ofwat are aware of the customer testing process and it wants to see an early view of this.

Action 2: Supported by all customers rather than customers. Change to be made.

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No

8) Inclusivity strategy

- a) Discussion began by focusing on the word 'inclusivity'. Currently, the word vulnerable is used within the business and is not favoured amongst customers. The internal culture recognises it is a matter which belongs to everyone. It is currently in testing regarding the language used with the aim of bridging the gap between customers who are vulnerable and customers seeing themselves as vulnerable. It was noted by members that the word 'inclusion' is a much better term, it is then seen as a shared Yorkshire problem. 30% of customers in Yorkshire have some vulnerable circumstances.
- b) There are three areas of the inclusivity strategy; customer, colleagues and business. These can be explained as follows;
- **Customer** – being clear of what services are and aren't available and trusting the Company to refer them to alternative support where possible
 - **Colleague** – knowing how to identify with customers and deliver against the customers' expectations and understanding to contribute towards vulnerability measures
 - **Business** – being aware of and understanding vulnerability measures and safeguarding their services with reputation and value to all customers as well as sharing compliant data internally and externally to continuously improve
- c) To safeguard customers, it needs to assume a broader role in society, understand customers to tailor services and ensure everyone can access services. Ofwat want YW to share data with other companies. Safeguarding customers will remove the worry. It is intending in PR19 to gather as much information as possible to understand the specific needs to deal with this. Members felt there is a need for a bespoke performance commitment beyond the satisfaction of priority services. This would be something to capture the key areas of the strategy. It was also voiced that it would be a great build to have a panel which involves customers. Members proposed working with councils. YW are currently working with Bradford Council regarding customer's needs and appreciate the importance of understanding customers relationships within their services, providing choice and control to customers.

Action 3: Requirement for a PC to specifically fit vulnerability.

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No

9) Close

The meeting closed at 14.30pm

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No

10) Dates of next meetings

Thursday 12 April 2018

Venue: Livingstone House, Room G1, Chadwick Street, Leeds LS10 1LJ

Thursday 10 May 2018

Venue: Livingstone House, Room G1, Chadwick Street, Leeds LS10 1LJ

Actions:

Summary of actions: 16th February 2017

No	Action	Comment
4	Forum Sub-Groups: Company to amend timetable to show the Sub-Group meeting dates aligning with current specific deadlines Post Meeting Update (30/03/17): Company confirmed it required confirmation of the meeting dates to align accordingly. Forum to inform company when known.	Ongoing

Summary of actions: 21st July 2017

No	Action	Comment
3	Chair Update/Forum Membership: Forum members to make enquires about vacant positions for representatives from the Small Business and Healthcare sectors Post Meeting Update (07/09/2017& 12/10/2017): The forum members have been unsuccessful in finding representatives for the small business federation and healthcare, the action is ongoing.	Ongoing

Summary of actions: 7th September 2017

No	Action	Comment
7	The Chair to review all previous minutes and add challenges to the challenge log	Ongoing

Summary of actions: 12th October 2017

No	Action	Comment
3	Company to provide a draft summary document for comment from Forum Members.	Complete

Summary of actions: 14th December 2017

No	Action	Comment
1	Chair to contact lead of the Alzheimer's Society regarding attendance at the Yorkshire Forum for Water Customers meetings	Ongoing
4	Company to present storyboard to the Forum before it is published publicly	Ongoing
5	Company to construct email to Ofwat regarding LORI	Ongoing
6	Company to look at EU directive regarding customers' bills	Ongoing

Summary of actions: 30th January 2018

No	Action	Comment
1	Company to share the issues paper produced at the end of PR14	Ongoing
2	Company to share the approach it is taking to the campaigns with the Communications sub-group	Ongoing
4	Company to link the Bradford Moor project and how this pilot was successful which creates a customer appetite	Ongoing

Summary of actions: 15 February 2018

No	Action	Comment
1	Would the DWI champion a joined-up approach regarding phosphate dosing/lead removal. DWI to respond back to Forum.	Ongoing
2	Unclear how the forum is evidenced throughout Board engagement and governance. Company to review and consult back with the forum.	Ongoing

Summary of actions: 8 March 2018

No	Action	Comment
1	Company to circulate figures to Forum members regarding customer responses in regard to proportion of vulnerable customers and demographics	Ongoing
2	Supported by all customers rather than customers. Company to change to wording	Ongoing
3	Requirement for the Company to create a PC to specifically fit vulnerability	Ongoing