

A guide to the Yorkshire Water PR19 plan

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Introduction

This document is intended to help customers, stakeholders and regulators navigate around our business plan and find key pieces of information that they may be looking for. We have tried hard to make the information as accessible as possible. Following Ofwat's guidance, the main document is limited to less than 300 pages, written in as simple a style as we can and using as little jargon as possible. Where there are more technically complex areas or detailed evidence to present, these have been included in our suite of appendices.

The structure of the main plan documents

To make sure that we presented all the information our customers, stakeholders and regulators would want to see as effectively as possible, we used a three-tier approach:

- Tier 1: Our key summary documents
- Tier 2: Strategic approach narratives
- Tier 3: Individual price control narratives

Tier 1: Our key summary documents

This relatively short section is designed to give the busy reader a rapid summary of the key features of the plan and its foundation thinking. It is also intended to provide confidence in the quality and completeness of the plan from the comprehensive Board assurance statement.

Tier 1 has three elements:

- Our executive summary
- An outline of the important and innovative thinking behind our plan to ensure that we understand and meet the expectations and requirements of our customers, stakeholders and regulators
- The detailed assurance statement signed by our entire board

Tier 2: Strategic approach narratives

This tier has 10 chapters that explains our approach on important building blocks for our plan. The building blocks cover three broad areas:

- Some of the essential foundations for our plan such as our extensive and ground-breaking approaches on customer engagement, or our industry leading approaches on resilience;
- Areas of particular focus in our plan such as our emphasis on digital customer service or the work we are doing to embrace new markets;
- Specific requirements of our plan such as our demonstration of cost efficiency and confirmation that the plan is financeable.

Table 1 below lists the 10 chapters with a thumbnail description of what they cover.

Table 1: Overview of strategic approach narratives

Chapter	Summary of coverage
Governance and assurance	This chapter describes our company governance. It shows how our governance processes ensure that the Yorkshire Water Board has been deeply involved in every aspect of the development of our PR19 plan. It also demonstrates the assurance approach we have taken to ensure our plan is robust, and how we measure and mitigate risk identified in our plan.
Our engagement and participation	In this chapter we describe our ongoing customer engagement and our blend of innovative and traditional approaches that we have used in the PR19 process to understand what our customers want and expect from us. It also describes the approaches we have used to ensure that customers support our plan.
Customer service	This chapter provides a view of how our end-to-end customer experience will be delivered. It describes how we are increasing our understanding of customers, so we can offer and tailor services in the best way to suit their individual needs and expectations.
Affordability and vulnerability	In this chapter, we explain how we will keep bills fair and reasonable for all customers, including those who, for a variety of reasons, find it a struggle to pay their water bill. It also describes our holistic approach to supporting customers who may be in situations that make them vulnerable.
Cost efficiency	This chapter describes our approach to ensuring that we remain efficient. We want to be upper quartile in efficiency as well as performance, so we have

	considered how to do things differently to unlock value for our customers through efficiency gains.
Decision efficiency	Our Decision Making Framework (DMF) is an industry leading tool that has helped us make sure that our PR19 plan is efficient because we have made the right decisions. This section describes how we can be sure that the decisions we make about how we look after our equipment and pipe networks (our assets) are demonstrably efficient and meet our customers' priorities.
The six capitals, innovation and transformation	This chapter explains how the six capitals, transformation and innovation will help us deliver great customer service at an affordable price. It demonstrates how we are making sure that innovation is embedded throughout our business.
Procurement, markets and direct procurement for customers	In this chapter we describe how we will deliver our plan by ensuring that we focus our procurement and contract management arrangements in ways that sustainably build on our previous success. It also explains our assessment approach to direct procurement for customers and the assessment outcomes.
Resilience	In this chapter we explain our new cutting-edge whole business resilience framework, including how customers and stakeholders have shaped it and how independent assurance confirms our robust approach. We have provided a summary of the resilience of each part of our business, how we are maintaining and enhancing resilience through our plan to 2025 and our strategy beyond.
Financeability	This chapter sets out the steps we have taken to ensure the financial resilience of the company and the individual price controls. We have ensured that our aggregated revenues, costs and cash flows enable us to maintain financial ratios which will enable us to finance our functions efficiently.

Tier 3: Individual price control narratives

The final tier sets out the overall story for each of the six individual price controls¹. There are also two additional chapters that cover a) our approach on performance

¹ The six controls are water resources; water networks plus; wastewater networks plus; bio-resources; residential retail and business retail.

commitments that work across all the price controls (i.e. they are at an appointee level); and b) our delivery during the current period and the impact that this has on the incentive mechanisms which are assessed at the start of the next period.

Traditional business plans often explain the individual price controls by focussing primarily on changes to assets and operational activities. We have consciously challenged ourselves to take a different approach, using our big goals (our outcomes) and performance commitments to tell the story about what we will deliver for customers. This change of approach means that our plan is more relevant and relatable for our customers. Obviously, assets and operational activities remain important. They are effectively the tools that we have available to achieve different levels of performance. To make sure that customers are at the heart of our plan, our narrative on assets and operational activities are used to explain how we will deliver for our customers.

This change means that the main element of these individual price control narratives is coverage of the multiple performance commitments and how we will meet our customers' and regulators' expectations. We think that this gives the most accessible explanation of our plans. However, it does also mean that to keep the narrative a reasonable length, some of the technical detail about the multiple aspects of each performance commitment and the associated outcome delivery incentive, is presented in detailed companion appendices.

To ensure that the detailed appendices are easily accessible for readers who require access to the technical and detailed evidence that is the basis of our plan, we have clearly referenced them to the chapter number that they refer to.

How our plan meets the tests set by Ofwat

In the PR19 methodology Ofwat set its expectations of companies as they built their PR19 plan. Ofwat requires that every company to consider the following four themes:

- Great customer service
- Affordable bills
- Resilience in the round
- Innovation

Ofwat has also outlined nine test areas that it will use to assess each company's plans in a process called the initial assessment of plans. These test areas are designed to

measure how well companies have considered the four themes and met the detailed requirements of Ofwat's methodology. This initial assessment will enable Ofwat to understand how well companies have developed high quality plans that are ambitious and use innovation to improve the services they deliver for customers.

We have produced a pro forma that will guide readers to the parts of our plan that address each of the nine test areas.