

Yorkshire Forum for Water Customers



2019-2020 Statement

A statement from the Yorkshire Forum for Water Customers on Yorkshire Water's performance



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01

Our Background

This report is presented by the Yorkshire Forum for Water Customers to Ofwat – the economic regulator of the water industry.



We, the Yorkshire Forum for Water Customers (the forum), were set up in 2012 and are made up of key groups in Yorkshire who together, represent Yorkshire Water's customers.

The forum includes the following people.

Andrea Cook OBE

Independent Chair of the Yorkshire Forum for Water Customers

Andrea chairs the forum, making sure that Yorkshire Water are properly challenged over the quality of their involvement with customers and how they interpret customer views and include them in their business plan. She is responsible (on behalf of customers) for overseeing the reports on developing Yorkshire Water's business plan.

James Copeland

NFU North East Environment & Land Use Adviser – National Farmers Union

The NFU are the only organisation that champions all farmers and growers in England and Wales. They give them a voice and protect their way of life, now and in the future.

The NFU's purpose is to champion British agriculture and horticulture, campaign for a stable long-term future for British farmers and to get the best possible deal for their members. Their strength is in their numbers. With over 55,000 members, they are heard when it counts locally, nationally and internationally. Every member matters and makes the NFU stronger. And, a stronger NFU can be more influential, achieve more and have a more powerful voice, covering two-thirds of the agricultural land in England and Wales.

Janine Shackleton

Policy Manager – Consumer Council for Water

The Consumer Council for Water (CCWater) is the independent organisation representing household and business customers across England and Wales.

It was set up in 2005 to make sure that customers' interests are at the heart of decision-making in the water industry.

It works with consumers to listen to their views, answer their enquiries and sort out their complaints.



Tom Keatley

Senior Adviser Water and Land Use – Natural England

Natural England is the Government's adviser for the natural environment in England, helping to protect England's nature and landscapes for people to enjoy and for the services they provide. It is sponsored by the Department for Environment, Food and Rural Affairs and is responsible for making sure that England's natural environment (including its land, plants and animals, freshwater and marine environments, geology and soils) is protected and improved.

Dave Merrett

Independent member

Dave acts as an independent member of the forum, on which he previously represented Yorkshire local authorities (2012 to 2015). He is a chartered civil engineer and member of the Institution of Civil Engineers. He is currently employed part time by Amey Consulting and Rail as a principal engineer and is working on Network Rail's 2014-2019 London, North Eastern and East Midlands Bridge Assessment contract.

Chris Griffin

Independent member

Chris acts as an independent member of the forum. From 2017 to 2019 he represented Citizens Advice. He continues to work in the charitable sector, with a focus on the welfare-benefit system and debt advice. He has been responsible for examining quality assurance, designing legal training and managing the day-to-day running of charities across the Midlands and Yorkshire. Recently, he has worked on programmes focused on the social divides created by people's ability to use the internet, social media and so on, and the huge inequalities this can create.

Currently Chris is employed as the Operations Manager of Citizens Advice, Bassetlaw. Citizens Advice is a charity that helps over three million people each year to solve the legal problems they are facing in their lives.

Pam Warhurst

Chair – Pennine Prospects Ltd

Pam Warhurst, CBE is a community leader, activist and environmental worker. She is best known for founding Incredible Edible, in Todmorden, West Yorkshire.

As well as chairing Incredible Edible, Pam currently chairs a landscape partnership, a registered practice of landscape architects, urban designers, ecologists and arboriculturists who, together, bring an integrated approach to design, plan and manage the outdoor environment in the north of England, Pennine Prospects. It is in this role that she serves on the forum.

She has led or had senior board positions in a number of organisations, including the leader of a local authority, chair of a hospital trust, deputy chair of the Countryside Agency and chair of the Forestry Commission of Great Britain. Pam has also served with several regeneration organisations and social enterprises. In 2005 she received a CBE for services to the environment.

Melissa Lockwood

Account Manager – Environment Agency

The Environment Agency work to create better places for people and wildlife, and support sustainable development. They are one of the water companies environmental regulators and, by law, all water companies must have them as a member of their customer challenge groups (CCGs). They use the opportunity of working to review and challenge Yorkshire Water's next five-year plan so that they achieve the best-possible outcomes for both customers and the environment.

Melissa has more than 30 years' experience in the Environment Agency in a range of roles, and is also a member of the Northumbrian Water Forum.

You can find out more about the Customer Forum members here: yorkshirewater.com/yorkshire-forum-for-water-customers/

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Our Role

We, the Yorkshire Forum for Water Customers ('the forum'), challenge Yorkshire Water's business plans (on behalf of customers) and how they plan to deliver them.





Our Role

We make sure that Yorkshire Water fully consider customers' views and priorities through consultation, and that they deliver the services that they want. We also meet regularly to monitor Yorkshire Water's performance against the commitments they have made to customers (performance commitments) for the period 2015 to 2020 and make sure there is an appropriate level of involvement with us at the forum. We have strengthened the forum for Yorkshire Water's 2020 to 2025 business plan development by including a wider range of organisations.

We have an important role in helping the industry regulator, Ofwat, scrutinise Yorkshire Water's business plans. We are responsible for:

- challenging the quality of the process for involving customers and asking for their views;

- commenting on the quality and depth of customer research;
- challenging how well the proposed performance commitments, and the penalties and rewards received for missing or achieving these commitments, reflect customers' views and priorities;
- monitoring progress against the performance commitments set out in the previous business plan; and
- providing an independent report to Ofwat at the same time as Yorkshire Water send their business plans and proposed prices to them.

The annual performance report, including the customer summary version, has been presented to us. We are pleased to report that we consider the annual performance report to be accurate and, complete, and that it has been summarised in a customer-friendly way. Here is a link to the report and performance summary yorkshirewater.com/reports

We meet every month. You can read and download the minutes from our previous meetings at yorkshirewater.com/yorkshire-forum-for-water-customers/

03

Reflections on the Year 2019/2020

Statement from the Chair

I write this at a time when the country, including the Yorkshire region, is in 'lockdown'. This is likely to be a very difficult and distressing time for individuals, families and local communities, resulting in thousands of deaths and disruption to lives. This will undoubtedly leave its mark on people's physical and mental health. Issues relating to paying for water are significant at any time, but during the coronavirus pandemic they are likely to be even more so.

In the months ahead I expect Yorkshire Water to prioritise helping customers who are experiencing financial problems by further promoting schemes that provide help, either through social tariffs such as the WaterSure tariff or help with payment terms. This may include:

- payment breaks or payment holidays for anyone in financial difficulties because of Covid 19;
- payment plans;
- promoting alternative payment methods for people who cannot pay in traditional ways;
- making it easier to apply for help;
- telling customers where they can get advice on benefits and managing debts; and
- holding back reminders on debt-recovery and enforcement action.

We expect Yorkshire Water to take a sensitive approach to this.

Our forum is an independent group of customer and stakeholder representatives brought together under me, as independent Chair, to work with Yorkshire Water to develop their business plan for the 2019 Price Review.

In particular we have challenged Yorkshire Water to make sure their business plan fairly reflects their customers' views (gained from high-quality research with customers), provides good-quality services, and meets their performance commitments (PCs).

Our members come from Citizens Advice, the Consumer Council for Water, the Environment Agency, the National Farmers Union, Natural England, Pennine Prospects and The Rivers Trust. Our forum also includes independent experts on the environment, local government, and affordability and vulnerability issues.

Most of our work in 2019 to 2020 has been concerned with the Price Review of water and sewerage bills for 2020 to 2025. When responding to the draft determination (Ofwat's five-year price and service package for each water company), we said it was clear that Yorkshire Water provided high-quality and innovative customer research to support their business plan. Their surveys were extensive, thorough and properly audited, and fully showed the opinions of their customers. The surveys also showed that customers have a high level of trust in Yorkshire Water.



We have studied Ofwat's aims, as set out in the overview of companies' draft determinations, specifically the aim 'to provide high-quality, reliable and resilient services that are affordable to everyone, which protect and enhance the environment, meet the needs of the communities they serve and plan for future generations'.

We welcomed Ofwat's action to increase the targets in the performance commitments for internal sewer flooding, pollution incidents, sewer collapses and water-supply interruptions, to avoid Yorkshire Water having lower than average performance compared with other companies. However, overall we concluded that the proposed draft determination would result in restricted investment in maintaining and improving Yorkshire Water's assets, so putting levels of service at risk for future generations of customers.

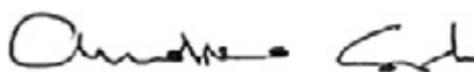
We looked closely at Yorkshire Water's response to the draft determination and noted that they were willing to try to meet Ofwat's assessment of efficient costs, to try to be realistic and deal with customers' expectations. However, we concluded that there would not be enough resources for the company to deliver the high level of service proposed by Ofwat. This would put Yorkshire Water and their customers at an increased and inappropriate degree of risk. We were not convinced that Ofwat's plan could be supported financially or could be delivered. And we believed that there would be a significantly increased risk of penalty payments, and possibly higher bills, in the next asset management plan (AMP) period. This was still the case with the final determination.

We were also surprised and disappointed by Ofwat's rather negative assessment of Yorkshire Water's support for customers who are in vulnerable circumstances, as we had long considered the company to be a leader in this area and to offer a wide range of help. Other companies, who seem to provide fewer or inferior opportunities, were given more credibility. This made us question whether Ofwat's observations were mainly linked to the size of customer bills in the 2019 Price Review submission, rather than the company's performance in this area. Only a small number of companies tested how affordable their plans were with customers in their initial Price Review

submissions, and we considered this to be one of the many strengths of Yorkshire Water's approach to involving customers.

Our advice was that the company should be more vocal about what they do to prevent customers falling into debt and the range of payment options they can offer, and what will be available to customers through their social tariff. We commented on Yorkshire Water's revised submission for this area, which included an overview of their approach to what customers can afford and the action they have taken in response to Ofwat's assessment. As a result of an additional investment – £2 million a year for five years from the company and a total of £1.75 per customer for five years – the number of households receiving direct support by 2025 will increase from 26,000 to 83,000. Also, a further 60,000 households will be helped through flexible payment options and targeted home visits.

Yorkshire Water's request for a referral to the Competition and Markets Authority was an almost inevitable outcome of the final determination because of the issues it raised to do with innovation and building and maintaining assets. Ofwat made changes to the draft determination and there was a positive response to providing stable bills, but we did not think the overall increase in resources was enough to provide a better balance. We have told Ofwat that we are concerned that any emphasis on efficiency could not be achieved. This is because although Yorkshire Water have been an efficient company in the past, they are now moving into a situation where they could underperform because they do not have the resources to invest in the areas that need attention and which customers see as a priority.



Andrea Cook OBE

Chair, Yorkshire Forum for Water Customers

For more information about us, and to see the minutes from our meetings, please visit yorkshirewater.com/yorkshire-forum-for-water-customers/



Statement from the Affordability and Vulnerability Subgroup

Building on a strong commitment to helping customers in vulnerable circumstances, work has progressed well this year on developing how Yorkshire Water deliver a service that helps those most in need, including providing relevant performance commitments in their business plan.

Yorkshire Water consulted us on measuring how inclusive their service is, and how satisfied customers who are on their priority services register are with their services.

They also involved us in forming a panel of external experts who will assess how effectively they provide their services.

We encouraged the company to increase their financial contribution to help customers who are struggling to pay. We gave them credit for committing to the extra funding during 2019 to increase the number of customers they helped, rather than wait until 2020 as some water companies did.

Janine Shackleton

Policy Manager, Consumer Council for Water

Chris Griffin

Independent member

Statement from the Working with Others Delivery Assurance group

Working in partnership continues to be a critical area for Yorkshire Water. This year Yorkshire Water have delivered 11 projects (beating their target of four), contributing £2.2million towards total project spending of £26.5million, and working with 25 different partners.

Yorkshire Water have worked with us to set up our group to provide assurance on the 'working with others' performance commitment. We will review each partnership project to make sure it contributes to the performance commitment criteria and guarantees the range and quality of the partnership projects.

Yorkshire Water have continued to work with the Environment Agency on sharing and delivering industry best practice to support its pollution incident reduction plan. This includes playing an active role within the Yorkshire Bathing Water Partnership.

Yorkshire Water also set up their 'Common Cause', a partnership with the National Trust, which is part of their shared vision to improve Yorkshire's catchment areas (where water collects), help customers and National Trust members enjoy the countryside, improve messages about flooding, and use the partnership's shared voice.

James Copeland

Senior Environment and Land Use Adviser, National Farmers Union





Statement from the Environment Subgroup

We have continued our work with Yorkshire Water, looking at both how legal environmental requirements affect Yorkshire Water's work and their services and bills to customers, and the company's effect on the environment.

We applaud much of the work to improve Yorkshire's rivers and the land Yorkshire Water own, but also their work with other landowners to deal with environmental concerns, including reducing the company's environmental footprint. The company benefits from many able and strongly committed staff working to achieve these improvements, with strong senior management and backing from the board.

In response to the growing climate-change crisis, they have been making long-term plans for water supplies and protecting their assets and customers from secondary effects, such as sewer flooding. The substantial investment proposed over the next five-year asset management period (AMP) should make significant progress in this direction.

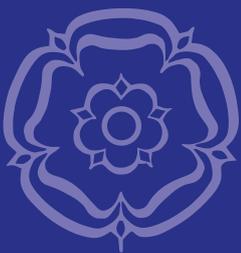
Yorkshire Water have also shown they are committed to looking at a more complete approach to tackling the environmental challenges they face in the next five-year AMP, using natural rather than chemical approaches, which may be more affordable for customers too.

We are disappointed that legislation and timescales have worked against the company on this, and have raised this as an issue that Ofwat (and the Government) should consider further. Given all this positive work, we have been particularly disappointed to see a significant increase in serious and major pollution incidents in the last two years of the current AMP (2018–2019 and 2019–2020) against the AMP end target of zero. We have pressed Yorkshire Water hard to account for this and to reassure us that they are dealing with the issues that have led to the pollution incidents.

We are pleased that they have published their pollution incident reduction plan in response, and we will review this with them regularly and continue to challenge them to improve their performance in this important area.

Dave Merrett

Independent Forum Member



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