

# Yorkshire Forum for Water Customers

## Minutes of Meeting 14 June 2018 Livingstone House G:2 & G:3

### Attendees:

Andrea Cook	Chair
Chris Griffin	Citizen's Advice
Dave Merrett	Independent Member
Georgia Klein	Report Writer
James Copeland	National Farmers Union
Janine Shackleton	Consumer Council for Water (CCW)
Melissa Lockwood	Environment Agency (EA)
Tom Keatley	Natural England
Wendy Kimpton	Yorkshire Water (Head of Regulation)
Pam Warhurst	Pennine Prospects
Paul Chapman	Yorkshire Water
Julie Partridge	Yorkshire Water
Ez Chowdhury	Yorkshire Water
Joe Napoli	Yorkshire Water
Chris Turner	Halcrow Management Sciences
Amanda Crossfield	Yorkshire Water
John Hayley	Yorkshire Water
Ash Roberts	Yorkshire Water
Tim Sheer	Yorkshire Water
Rebecca Dovener	Yorkshire Water

### Apologies:

Alistair Maltby	The River's Trust
Sumayya Mahmood	Yorkshire Water

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No

## 1) Welcome

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

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## 2) Minutes/Actions of last meeting

- a) Minutes from May were reviewed and approved subject to amendments.
- b) Actions were reviewed and updated.

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### **3) Board Update**

- a) The company will be submitting a paper for information to the Board. A number of Board Strategy days have been arranged to focus on various aspects of the plan, the Chair attended the last Board Strategy day.
- b) Discussions were held on the current input of the Forum and future Forum input, including the below areas;
  - Performance Commitments (PC's) and customer testing,
  - PR19 acceptability testing, and
  - Affordability and Vulnerability.

An observation was made by the Chair in relation to corporate governance and the use of outperformance. Historically water companies in the Northern region shared outperformance and invested in areas which were a priority for customers. The intention would seem to be for Ofwat to promote the idea that it is only intervention by the regulator that will achieve this.

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### **4) Environmental Sub-Group Update**

- a) The Environment Sub-Group meeting was held on the 1 June 2018. It was agreed at the session to focus on the approvals for both the minutes and actions as there are a number of these outstanding.
- b) Unfortunately, the Head of Digital and Insights was unable to make it to the last meeting but will provide input to the next agenda.
- c) Members received a detailed update on the DWI submission; the members were able to ask question on the submission and focus on land owner agreements/tenancy's.
- d) The Water Industry National Environment Programme (WINEP) was covered; complex discussions were held between the company and the Environment Agency (EA). Due to the amber status on catchment sense, the designations have not yet been made. A signification issue was highlighted with the Department for Environment, Food and Rural Affairs (DEFRA) expectations, DEFRA expects the company to make progress in the next AMP but wants results in year three AMP7. The company is asking that the focus is switched back to the catchment approach. The Forum asked if it is 'driven' with respect to the 25-year plan? It was advised yes; the question then became how do you measure success? There may be an opportunity to put pioneering options into the six capitals but if not, a positive is how the company drives the next price review and future behaviours. There is a long way to go in a short time but the company will be presenting the worst-case scenario to customers for transparency. The company anticipates that by the 20 July 2018 the plan will be 80% there.
- e) With regards to the future Government Consultation the Sub-Group asked that it is added to the next agenda before the end date of August 2018.
- f) A discussion also took place on the PC's. In particular the Sub-Group looked at the Working with Others PC and the proposal of what would be measured.

## **5) Annual Performance Report and PR19 Assurance**

- a) The company provided an overview on the 2017/2018 performance by exception.
- b) Drinking Water Compliance was 99.953% versus a target of 100% landing in the penalty deadband.
- c) Drinking Water Quality Contacts were 8,100 versus a target of 6,108 and this has attracted a penalty of £6.57m.
- d) Leakage was at 300.3MI/d versus a target of 297.1MI/d, landing in the penalty deadband.
- e) Energy Generation was 11.4% versus a target of 12%; there is no financial penalty associated with energy generation.
- f) Water Supply Interruption was at 6.96 minutes versus a target of 12.00 minutes, attracting a reward of £10.22m.
- g) Internal Sewer Flooding was 1,682 incidents versus a target of 1,919 incidents, attracting a reward of £7.24m.
- h) Pollution was 202 incidents versus a target of 211 incidents, attracting a reward of £1.66m.
- i) All Performance Commitments have now been audited by the external auditors, Halcrow. Next steps are; inform the Kelda Management Team (KMT), attend Board Audit Committee (BAC) on the 11 July and submit the APR to Ofwat on Friday 13 July ahead of the submission date 15 July.
- j) The company provided an update on the APR and Company Monitoring Framework (CMF).
- k) Customer publications have been reviewed over the last year via customer workshops and customer forum groups. The company has made the amendments suggested by customers, for example, moving the glossary to the front. There is a crystal mark aspiration for the publications.
- l) The company thanked the Forum for their feedback and input with regards to the Forum statement, the next steps are currently being discussed with the Chair and the document is going through the plain English feedback. The company received the crystal mark for the Forum statement on the 13 June.
- m) An overview was provided of the areas that are been targeted for the CMF, the Forum was informed that Yorkshire Water is the only company that exceeded the Board Leadership, Transparency and Governance category.
- n) An example of plain English was shown, the Forum asked if the intention was that all engagements go through the crystal mark, they were advised yes even the complicated reports will have customer friendly versions created and they will aim for the crystal mark.
- o) An update was provided on PR19, there are 102 tables to assure that the data is accurate, robust, clear and working towards the Ofwat deliverables. The data will be looked at top down and bottom up. The Forum was advised that the guidance for CMF and PR19 had been received, the CMF will be published in January 2019 at the same time as the PR19 plan status (slow track, fast track) – which will have a direct impact on the CMF result.

- p) Halcrow provided an update on the technical assurance of the regulatory and public domain performance reports. The role, scope and approach was discussed.
- q) The assessment was made using the following RAGs; (R)ed – material concerns over validity of the report information, (A)mber – potential material concerns over reported information, (B)lue – content with reported information but supporting data needs completion/noting/or future improvements required and (G)reen – no material exceptions and compliant with the requirements. The Forum asked if they could have sight of the B assessments. It was agreed that this would be useful and would identify thematic themes such as reporting/data collection.
- r) All audits are now complete and Halcrow considers that the company audit staff have been fully cooperative with its audit team and there is no material information which could have been disclosed which would have changed opinion. Work is ongoing involving resolutions of outstanding issues with the company, with particular focus on those still with R and A status, however, it fully anticipated that all these issues will be satisfactorily resolved prior to submission. At this stage all outstanding A and R were reviewed with the Forum, in conclusion there were four areas where work needs to be undertaken
- s) Based on the assessment Halcrow had concluded; the statements of non-financial numeric measures are consistent with the assurance of the supporting information which is appropriately robust; the company's explanation of its activities and performance are reasonably based. Overall, the information provided in the APR 2018 provides a fair, balanced and understandable summary of the company's circumstances in 2017/2018 and future direction.
- t) The Forum asked if there were any areas that needed further investment It was advised of the need to invest more in sewer collapses. The Forum also questioned the aspiration of the company's plans; it was keen to understand how Halcrow can identify truly aspirational plans for the company? Halcrow advised that it had begun to see a step change in line with the plans for upper quartile performance.

**Action 1: Company to review overall performance against the stretching targets set for AMP7 and provide a one-page colour coded overview.**

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## **6) Review of the Business Plan (performance, risk, reward and finance)**

- a) The Forum was informed not much had changed, however additional Capex pressures had been identified. A Skype session will be scheduled to discuss this further with the Forum.

**Action 2: Company to arrange a conference call to discuss the Business Plan.**

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## **7) Working with Others Performance Commitment**

- a) The company provided an update on the working with others (WWO) performance commitment (PC). The target is to achieve three partnerships a year up to year four of the Asset Management Period (AMP) and four in year five.

- b) Projects are developed and approved through normal business processes to meet PC or other business needs. All projects identified are tracked via the Working with Others Delivery Assurance Group (DAG). Once partnerships are completed and evidenced they are claimed via the Company Report spreadsheet monthly. The Board Investment Committee (BIC) is provided with quarterly updates and the PC is audited annually by Halcrow Management Services.
- c) In 2017/18 12 schemes were delivered against a target of three; Runswick Bay, Nidd Aqueduct, Kingsway, Falding Street, Brookfoot Mills, Malton, The Calls, Rotherham Lead replacement trial, Nidderdale and Tomordon Mesh. The reward is 5% of the average YW contribution multiplied by the number of projects over and above the target.
- d) A current and forecast programme of works was shown. The Forum asked how many requests the company receive? The company advised the numbers vary depending on which route they come in to the business.

Members asked what percentage of schemes are progressed, the company advised it was hard to answer this. Members were also keen to understand how long the partnerships take to progress? The company advised it can vary.

Members asked if the company's staff time was tracked? The company advised that time spent on a partnership cannot always be tracked, as a result the company has not claimed any operational costs in this AMP period. The Forum highlighted the positive outcomes from the work ongoing within the company for example affordability and vulnerability, the Forum highlighted the importance in capturing all the company's' partnerships.

- e) It was highlighted that issues from flooding are managed through the WWO PC and sewer flooding PC, the Forum does not know the length of time it takes to progress a scheme; the company highlighted the difficulty of measuring the success criteria in this area. The Forum was advised the PR19 measure will not measure the percentage of partnerships done – the Forum will see the outputs of priority partnerships reported through the WWO PC. The company advised that there has been a cultural shift in this area. The Forum wants the company to evidence the simple themes and values added by partnerships.
- f) The company advised there was a good pipeline of partnerships for the remainder of the AMP.

**Action 3: Company to evidence the simple themes and values added by partnerships.**

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**8) Update on DWI Submission Outcomes**

- a) The company provided an update on the DWI – 25-year planning statement.
- b) The strategic direction consultation incorporated customers views and the company's big five goals.
- c) Resilience as a whole was reviewed at company level and system level; an example of the water treatment system was shown.
- d) Long term key areas of focus are water quality issues including; catchments (colour, nitrates, metaldehyde, pesticides), treatment (raw water deterioration, new standards, aging assets), discolouration (mains refurb, renewal, materials), lead and the new DWD which is not clear at present. Key resilience issues include; catchment interventions, treatment for the future – asset replacement/enhancement, strategic storage – ageing assets/ right place, raw water assets, 'grid' extensions and run to waste at water treatment works.

The raw water risks associated with catchment are shared with the DWI monthly. Regarding discolouration the DWI knows the company has taken actions to be more ambitious and the DWI is accepting of the company progress. The Forum was advised that numerous companies have been contacted about their current levels of discolouration, the company was the only company not to receive a formal notice.

**Action 4: Company to project the level of investment and timescales to demonstrate how discolouration will be reviewed to help the Forum understand the plan and resources.**

- d) Production interventions and the costs associated with them were discussed.
- e) With regards to storage and networks, work has been undertaken to identify large tanks that will be life expired in five to 25 years, especially those which are covered by the Reservoir Act. There was a focus on better instrumentation, trunk main conditioning and cleaning, network renewal and cleaning and connectivity for resilience.
- f) A graph detailing long term network performance versus investment was shown; the Forum was informed the company had been on a journey since 2001/2002 as the monies invested within this period was significant. The DWI focus is on the risk assessment as this has a direct impact on the level of investment.
- g) Network strategy was reviewed, the aim being to develop a strategy that allows the company to become proactive – for example automatic trunk main conditioning and real-time monitoring. The Forum asked about the micro plastic timescales for investigations within AMP7 the company advised that there was no regulatory commitment to have the investigations done by a set date as it is a case of internal investment.
- h) The company debated public awareness of the percentage of lead in the region and impact of lead on health. The Forum asked if there was anything on the company website to stimulate debate on lead but currently there is not.
- i) The potential cost is £1.78billion for Yorkshire to replace service pipes but not internal plumbing. Discussions were held over the public's appetite for that level of investment and the Forum stated the message need to be consistent regionally and nationally. The Forum asked about the efficiency of phosphate? The company advised that it was very efficient. The Forum questioned customers' level of knowledge of lead and public health issues. A workshop had been held on lead with the regulators, CC Water and health representatives. There had been a reasonable debate, with agreement that this needed to be moved on to the next level.
- j) A regional overview of resilience was shown to the Forum. Chellow WSS will look at the potential interventions across the region and prioritise. The Forum asked if the VFM was traditional of based on the five capitals, the company told the Forum it was based on customer minutes lost.

**Action 5: Company to share the notes from the workshop with the Forum.**

## 9) Vulnerability and Affordability

- a) The company provided an update on its work on affordability and vulnerability.

Regarding affordability, the target has been increased to help 50,000 customers (previously 29,000). The primary focus is debt prevention and new trial tariffs are underway. The Fresh Start scheme is the reallocation of write offs to this scheme as opposed to debt recovery. The first 2,000 customers have been contacted; of the 2,000, 136 customers have engaged with the company. The company is very pleased with the results to date and hopes for further engagement as the scheme progresses. The Forum was advised that the customers 'targeted' had been through various 'dispute resolution' channels all of which were unsuccessful, now these customers have contacted the company it allows the company to profile their behaviours and engage them within the strategy.

- b) Vulnerability focuses on the safeguarding the people of Yorkshire (including staff) by delivering accessible and meaningful services using other areas of the business and external partnerships. The Forum stated that it is important that the Working with Other's partnership is captured within this. The company told the Forum the target is five per year.
- c) The Forum said it wanted to challenge the full range of initiatives associated with affordability and vulnerability to understand the investment which had been made by the company versus the cost of investment and the balance between the various initiatives. The focus will be; is the investment from the company sufficient, is the company targeting and prioritising the right initiatives, is there anything missing and what are the final costs.

A separate Skype session will be scheduled to address the above actions, the Consumer Council for Water representative will chair the meeting, which must be held before the 10 July 2018 and papers circulated in advance.

- d) Affordability performance commitments (PC) were reviewed. The Forum was told that for voids the company will be measured by the company's ability to check properties are void via external data.
- e) Members asked if the data was being shared with the non-household retail business. The company advised that it cannot data share under Competition Law but that there are debt margins for retailers.
- f) PC's for Vulnerability were reviewed, the company recommended adding a third PC -Inclusive Service. The PC would measure of overall service for customers in vulnerable circumstances based on the review by recognised national third-party organisations or charities.

A mini survey with 112 customers has been undertaken. Overall support was; 69% net support, 22% neither and 9% net unsupportive. There is 72% support for placing this in the business plan. The Forum will analyse the PC as a starting point and look at how it can develop this. .

**Action 6: The Forum asked the company how the target of five per year was reflected in the AMP period.**

**Action 7: Company to provide a detailed breakdown for all affordability and vulnerability initiatives.**

**Action 8: Company must brief the Forum on its role and feed in to the agenda for a conference call.**

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## 10) AOB

- a) In relation to the Water Resource Management Plan (WRMP) the company had been copied in to a letter. Ofwat is generally happy with the draft but has provided further guidance.

**Action 9: The company will check if the Yorkshire Forum for Water Customers was mentioned in the draft plan and rectify this for the final submission.**

- b) It was articulated that the company had marginally missed the leakage target but final confirmation was given in the APR section of the agenda. The rolling average for leakage is 'stable'. The company offered to provide an update against Upper Quartile plans later in 2018.

PR19 and the WRMP is not well aligned, it was published on the website the previous day.

**Action 10: Company to circulate document to Forum.**

- c) The Freeze Thaw Report will be circulated to companies' week commencing 18 June 2018. The company has been advised that all companies will have at least one action resulting from this. The Forum asked if the missed leakage target was linked to the 'Big Freeze' and if it is contained in the Freeze Thaw Report and was told that it was not.

**Action 11: Company to share the Freeze Thaw Report and lessons learnt with the Forum.**

- d) Members were notified of a data issue with the company recruitment portal. The company which provides the recruitment portal was subject to a data breach on the 28 May 2018. The company's Data Protection Officer has contacted all users to inform them of the data breach and to ask them to change their password. It has also reported the incident to the Information Commissioner's Office (ICO) and internally the company has taken the portal down. Forum were advised that the data breach could affect thousands of people. A detailed note will be provided to the Forum to advise what has happened to date.

**Action 12: Company to provide a detailed note to the Forum to advise what has happened to date.**

- e) The company received an update on acceptability testing, the content is being finalised for the questionnaire, guides and stimulus, and the Forum will receive copies the week commencing 18 June 2018.

The company is in the process of finalising the Focus groups which will take place in July and will circulate the dates to the Forum once they have been agreed.

**Action 13: Company to circulate the questionnaire, guides and stimulus.**

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## 11) Dates of next meetings

### **Monday 16 July 2018**

Venue: Livingstone House, Room G2 & G3, Chadwick Street, Leeds LS10 1LJ

**Actions:****Summary of actions: 21st July 2017**

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

**Summary of actions: 7th September 2017**

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

**Summary of actions: 12<sup>th</sup> October 2017**

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

**Summary of actions: 14<sup>th</sup> December 2017**

No	Action	Comment
1	<b>Chair</b> to contact lead of the Alzheimer's Society regarding attendance at the Yorkshire Forum for Water Customers meetings	Ongoing
4	<b>Company</b> to present storyboard to the Forum before it is published publicly	Ongoing
5	<p><b>Company</b> to construct email to Ofwat regarding LORI</p> <p><b>Post meeting update – (05/04/2018)</b> <b>Company</b> have contacted the relevant department for an update</p>	Ongoing

### Summary of actions: 30<sup>th</sup> January 2018

No	Action	Comment
4	<p><a href="#">Company</a> to link the Bradford Moor project and how this pilot was successful which creates a customer appetite</p> <p><b>Post meeting update – (05/04/2018)</b></p> <p><a href="#">Company</a> have contacted the relevant department for an update</p> <p><a href="#">Company</a> will include case studies in the final plan so will be able to demonstrate the customer appetite</p>	<b>Complete</b>

### Summary of actions: 15 February 2018

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

### Summary of actions: 8 March 2018

No	Action	Comment
3	Requirement for a PC to specifically fit vulnerability.	<b>Complete</b>

### Summary of actions: 12 April 2018

No	Action	Comment
1	<p><a href="#">Company</a> to set up conference call regarding Performance Commitment definitions before submission to Ofwat in May.</p>	<b>Complete</b>

### Summary of challenges: 12 April 2018

No	Challenge	Comment
1	<p><a href="#">Company</a> challenged regarding CRM as a cost adjustment claim</p>	<b>Complete</b>

## Summary of actions: 14 June 2018

No	Challenge	Comment
1	<u>Company</u> to review overall performance against the stretching targets set for AMP7 and provide a one-page colour coded overview.	
2	<u>Company</u> to arrange a Skype session to discuss the Business Plan.	
3	<u>Company</u> to evidence the simple themes and values added by partnerships.	
4	<u>Company</u> to project the level of investment and timescales to demonstrate how discolouration will be reviewed to help the Forum understand the plan and resources.	
5	<u>Company</u> to share the notes from the workshop with the Forum.	
6	<u>Forum</u> asked the company how well reflected the target of five per year was reflected in the AMP period.	
7	<u>Company</u> to provide a detailed breakdown for all affordability and vulnerability initiatives.	<b>Complete</b>
8	<u>Company</u> must brief the Forum on their role and feed in to the agenda for a Skype call.	<b>Complete</b>
9	<u>Company</u> will check if Yorkshire Forum for Water Customers was mentioned in the draft plan and rectify for the final submission.	
10	<u>Company</u> to circulate document to Forum.	
11	<u>Company</u> to share the Freeze Thaw Report and lessons learnt with the Forum.	<b>Complete</b>
12	<u>Company</u> to provide a detailed note to the Forum to advise what has happened to date.	
13	<u>Company</u> to circulate the questionnaire, guides and stimulus.	