

Yorkshire Forum for Water Customers

Minutes of Meeting 31 October 2018 Livingstone House, Room 3.1

Attendees:

Andrea Cook	Chair
Dave Merrett	Independent Member
Ez Chowdhury	Yorkshire Water
Jack Whitehead	Yorkshire Water
James Copeland	National Farmers Union
Janet Bone	Yorkshire Water
Julia Partridge	Yorkshire Water
Melissa Lockwood	Environment Agency (EA)
Paul Fowler	Yorkshire Water
Sumayya Mahmood	Yorkshire Water
Tom Keatley	Natural England
Wendy Kimpton	Yorkshire Water (Head of Regulation)

Apologies:

Alistair Maltby	The Rivers Trust
Chris Griffin	Citizen's Advice
Janine Shackleton	Consumer Council for Water (CCW)
Pam Warhurst	Pennine Prospects

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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) The August minutes have been approved and have been published on the company website.
- b) All actions from the previous meeting in August 2018 are complete.
- c) The Forum and the company had a general discussion regarding documents and updates required, actions were captured.

Action 1: Forum report to be printed (total of 100 copies) and sent to Forum members for distribution.

Action 2: Focused 'lessons learned' session required on PR19 process.

Action 3: Summary slides to be circulated to the Forum members regarding 'lessons learned' produced by Yorkshire Water.

Action 4: 2019 meetings to be provisionally booked and for members to agree final dates at the December Forum.

3) Annual Performance Report (APR) – change log

- a) Before the company began discussion on the APR change log, it consulted Forum members regarding a previous query raised at a past Forum. The Forum had queried the possibility of the company seeking and obtaining the Crystal Mark for the company website. The company was pleased to announce it had obtained three Crystal Marks across the website; firstly, the Yorkshire Forum for Water Customers page, secondly the performance page and lastly the reports page.

Furthermore, it had been recognised by the Plain English Campaign that achieving a Crystal Mark for the whole website is impossible due to the rapid change and the number of webpages, they have therefore created an 'Internet Crystal Mark', which is an annual review which assesses language, accessibility, navigation, design and the layout of the website. The company advised Forum members that it will be working towards achieving this in 2019.

Members of the Forum raised a concern regarding the use of plain English whilst retaining an adequate level of technical information. The company advised this is something it is aware of and the approach being undertaken is to split information into various areas so both plain English and technical information can be maintained.

- b) The company introduced the APR change log to Forum members. The change log is a way of identifying the changes the company will make to the APR following the queries received from Ofwat since publishing the report. The change log aims to maintain transparency with customers and stakeholders.

The change log displays where a change is required, what it looked like before the change and after, the reasons for the changes, and what it will do differently. The company received 40 queries on the PR19 submission and 17 on the APR from Ofwat. The company advised it plans to make 20 changes to the APR; 9 of these are corrections and the remaining 11 changes will be improvements to the APR.

A key theme identified from the submission by Ofwat was the difference between what the company proposed to do and what was done. The company advised of future digitalisation of assurance to avoid such differences. The Forum asked if the external auditors employed by the company contribute to the work regarding the business plan submission; the company advised the auditors do assist but more could be done, and this is something which will be reviewed.

The company advised that if members wished to attend any future audits they were welcome to do so.

- c) Following review and analysis of the APR submission two key themes were identified; data and reporting. Regarding data, it was summarised that there are opportunities to prevent the small number of errors in the data published by the company, as well as reported data being out of line with the historical trend. Action will be taken to share cases with the company's reporting and assurance communities, ensuring data checks are completed accurately with full awareness of potential errors, as well as improving explanations where needed regarding difference in trends.

Regarding reporting, the company advised it seeks to improve reporting annually to achieve a confidence level that every piece of information is in the correct format. Action will be taken to explain clearly where improvements to reporting have been made, and any material impacts subsequently made on the data. Internal processes will be strengthened to ensure the data reported is in the correct format and in line with guidance.

- d) The company recommended the next step is to obtain feedback from the Forum regarding the change log as well as obtaining feedback from customers. Alongside this, the APR will be re-published with the amendments and with the change log. The Forum asked when this will be re-published, the company advised this depends on the feedback it has requested.

The Forum observed that the data for the APR is for 2017/18 and re-publishing this would be done in 2018/19. The company noted this point.

The chair asked if any comparisons have been made with other utility companies, the company advised to its knowledge no other company have published an APR change log.

Action 5: Forum to feedback on the change log prior to it being reissued.

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4) Risks, Strengths and Weaknesses Statement

- a) The company introduced the Risks, Strengths and Weaknesses Statement. The Statement is included in a suite of documents and is one of the publications required by Ofwat to meet the requirements of the Ofwat Company Monitoring Framework (CMF). The Statement gathers information, identifies risks, strengths and weaknesses and lastly identifies the targeted areas of assurance provided to the company's customers and stakeholders. The company's aim is to achieve feedback to strengthen publications.
- b) Improvements have been made in terms of the data publication. The company reiterated its focus on ensuring the accuracy of data is correct, with deeper assurance on missed performance commitments and building on customer awareness.

The company has made the following improvements:

- used more graphics, tables and colour;
- provided more context around the regulatory assurance framework;
- included detail on the stakeholder engagement and internal assessment for gathering information;
- shown clear links between information gathered and targeted areas of assurance; and
- explained why some targeted areas have been removed.

The Forum asked how the company is ensuring that those providing the data are fully aware of what it is doing. The company advised as part of the 'business as usual' activity the levels of assurance are always ongoing. There are delivery action groups who understand the data which is collected from a 'bottom up' perspective. Training is also being delivered to new colleagues, which supports and ensures the accuracy of data.

The Forum asked about the company's need to work with other stakeholders, and queried who the stakeholders are, aside from the Forum. The company advised it has a stakeholder map which it could share with Forum members.

The company discussed automated data and provided an example on the recording of the amount of time lost from water supply interruptions. This time is recorded onsite, using automated system loggers and monitored using customer contact information. It was observed that Yorkshire Water (YW) uses automated and human systems to confirm the results for this performance commitment, and assurance on the data from all these sources is important in the journey of data reporting.

- c) The company also discussed what could be done, highlighting two key areas;
1. Make more of the pioneering work including the scale of listening to customers, helping with bills and simple messages on the Six Capitals.
 2. Add a historic weight to give the assessment a reliability rating.

On the Six Capitals the company also highlighted its success at winning the award 'Finance for the Future'. The Forum asked about the 'Finance for the Future' award obtained by the company, querying how this relates back to customers. The company advised it is about understanding the wider benefits outside of financial and manufactured capital.

The Capitals have been used as part of the discussions in PR19 to accurately and consistently deliver the benefits from the plan in the future, in all the areas under the 'Six Capitals'.

The Forum observed the trend of graphics increasingly being used and a concern about the company losing a library of photographic material as graphics don't necessarily always convey the message being delivered. The Forum is conscious that the company needs to have a balance of both approaches and the company noted this observation.

Action 6: Company to share its stakeholder map with the Forum

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5) Draft Assurance Plan

- a) The draft assurance plan follows from the Risks, Strengths and Weaknesses statement. The plan is built from the observations made in the statement and the final publication will be in March 2019. The plan focusses on how the company will deliver assurance through data and wider assurance, for both data and individual publications, to mitigate risks, correct weaknesses and monitor progress, as well as delivering additional assurance for the areas of targeted assurance identified within the statement.
- b) The next steps of the plan are to build a consultation programme; the draft plan will go through a consultation phase and feedback will be obtained from consultation with Your Water and focus groups. The feedback received will be incorporated into the Final Assurance Plan. The company advised it encouraged feedback from the Forum regarding the plan, specifically regarding ways in which it could reach more customers. The Forum asked to provide feedback on the plan before it is delivered to the focus groups, and to assist in determining how the focus groups will be asked questions to capture the best possible range of feedback. The Forum suggested using groups from the education sector, this suggestion was met positively by the company and an action was recorded to explore this possibility.
- c) Further information regarding the logistics of the plan to be sent offline and a further update to be provided to the Forum at the next meeting on 13 December 2018.

Action 7: Company to ensure the Forum has the required time to feed back on the assurance plan before progression to the focus groups.

Action 8: Company to explore using focus groups within the education sector

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6) Overview of YW PR19 presentation to Ofwat

- a) The company presented the summary slide pack to Forum members from its meeting with Ofwat regarding the PR19 business plan.

The company outlined how it considers that it remains an ambitious and efficient company. It has included a stretching package of over £800m efficiencies, embracing new markets and innovation, delivering the most ambitious package of service improvements in the sector. After listening to customers, it has reverted to the natural 'pay-as-you-go' rate, understanding customers want stable bills. The company also reiterated, as previously evidenced, that customers support the Water Industry National Environment Programme (WINEP) which is three times the size of previous programmes and requires completion by 2025, despite the impact on bills.

- b) There are several fundamental innovations in the thinking behind the plan; knowing customers, long term sustainability and resilience and reliability, which all lead to long term affordability.
- c) The company discussed long-term sustainability and demonstrated this through its water demand management approach:
 - Customers do not like waste and need and want affordable bills.
 - The company has set an ambitious strategy for leakage reduction.
 - Guidance will be provided on re-use of water.
 - There is a Frontier 'per capita' consumption target.
 - It is sourcing alternative water supplies
 - Future markets will be considered.
- d) The role of the Board was discussed regarding its participation and ownership of the plan. The Board had asked three principal questions; was the plan aspirational, acceptable and achievable. In summary, it had concluded that it was a bold plan, designed to fully meet customers' needs and wants and was wholly endorsed by the Board.
- e) The role of the Forum was discussed, the Forum Chair had highlighted to Ofwat the Forum's expertise in key areas of the plan facilitating scrutiny and input, their expert input into the development of the approach to vulnerability and affordability, supporting and challenging the company in the development of customer research and ensuring that the research results are reflected in the plan. The Forum continues to have ongoing input into published materials, supporting transparency.
- f) Ofwat had noted Yorkshire Water's gearing as high, potentially leading to an increased risk to resilience, but the company had replied and challenged this to ensure that comparisons with other companies were consistent with dividends and performance returns. Companies approach such matters in different ways; Yorkshire Water had opted for investment in areas which customers had prioritized rather than minimal reductions in customer bills. The Forum requested a copy of the company's response to Ofwat. It had supported increased investment to meet customer priorities in 2015-20, but it was arguably too early to say for 2020-25 and customer research was recommended
- g) The concerns of Forum members regarding the achievement of the targets for leakage and pollution were noted and it was agreed that the Forum needed to be sighted on the achievement or otherwise of these and this should be a substantive agenda item at the next meeting.

Action 9: Company to share their gearing demonstration which was sent to Ofwat with the Forum

Action 10: Pollution/leakage update to be presented to the Forum at the December 2018 meeting

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7) Overview of queries received

- a) The timeline of the query process was from 4 September 2018 to 26 September 2018; however, the company continues to receive queries, but this is expected to cease in the early part of November. As part of the query process the company had to resubmit its data tables and publish its revised data tables.

The company adopted a process for managing queries, assigning roles and responsibilities, ensuring that assurance processes for the data resubmitted were followed. The company advised that it received 2 working days to respond to each query.

- b) As part of the narrative process, Ofwat issued the company with questions covering the Initial Assessment of Plans (IAP) test areas.

- c) The company briefly discussed the queries received by type.
- d) The type of queries ranged across various clarifications, for example from where Ofwat had asked for clarity or further explanation, there was challenge (information challenged where the company response did not require a change to the PR19 data tables) and error (a query resulting in a PR19 data table data change).
- e) The company had received fewer queries to date compared to PR14.

The company concluded the discussion by advising of the queries which had been received from CCW. These queries had been responded to and Ofwat was included in the responses.

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8) Comparison of PR19 plan

- a) The comparisons were created in September after the plans were published. The majority of the comparisons focus on large Water and Sewerage Companies (WASCs) in order to limit the amount of information being presented. Ofwat has published a comparative info-graphic that focuses on bill changes, per capita consumption and leakage.

The company advised that even though it has the largest percentage bill increase, it remains below the industry average for bills across all water companies. The capita consumption target is frontier and the company has committed to the largest percentage reduction in leakage.

- b) The Forum stated that it would wish to be satisfied that the areas for investment, including pollution incidents and sewer collapses, were genuinely upper quartile.
- c) In regard to bills, the company advised it is important to look beyond the simple percentage changes to the underlying drivers.
- d) There is significant increase in the total expenditure (totex), which is mainly due to the WINEP programme, however cost efficiencies are strong.
- e) The company provided key messages on vulnerability, emphasising that Yorkshire Water has focused on the provision of customised support targeted on individual customer needs.

The company explained it's approach is to provide a meaningful level of support for those who need it and to increase the number of people who will have access to support.

- f) Ofwat's initial assessments of company submissions would be made available on 31 January 2019. If the company was made slow track or worse, it would have to re-submit by 31 March 2019. The Draft Determination would be April/May 2019 for those companies which were fast-tracked, and July if not. This could influence the timing of future Forum meetings. Final Determinations will be December 2019.

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9) Review of the Forum report

- a) A 'lessons learned' session of the PR19 process and report is required and members agreed that this should be on the agenda for the meeting in February 2019.

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10) Review of future meeting agendas (S.I)

- a) Members requested dates for 2019 to be provisionally booked and reviewed at the December 2018 meeting. Future meeting agendas to be completed as much as possible alongside the new meeting dates.

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11) AOB and close

- a) No other business was raised.
- b) The meeting closed at 13.45pm.

Next meeting date

13 December 2018 – DoubleTree by Hilton Leeds City centre, LS1 4BR

Actions:

Summary of actions: 7th September 2017

No	Action	Comment
7	<p>The Chair to review all previous minutes and add challenges to the challenge log</p> <p>Post meeting update – 29/11/2018 Challenge log replaced by inserting challenges in the text of the report.</p>	Complete

Summary of actions: 14th December 2017

No	Action	Comment
5	<p>Company to construct email to Ofwat regarding LORI</p> <p>Post meeting update – (05/04/2018) Company has contacted the relevant department for an update</p> <p>Post meeting update – (29.11.2018) The company has not yet responded to Ofwat but has agreed an approach to the short fall in clean water length of river improved with the Environmental Sub Group and will be discussing the delivery and EA sign off of a scheme to deliver the short fall at the Sub Group on the 10th December 2018. The additional AMP6 scheme means that the company forecasts to meet the original target that was reduced by changes to the final NEP programme. At this point the company can write to Ofwat to explain the approach and also confirm that it has delivered the work to address the short fall in the target.</p>	Ongoing

Summary of actions: 15 February 2018

No	Action	Comment
1	<p>The DWI was asked to 'champion' a joined-up approach regarding phosphate dosing/lead removal. DWI to respond back to Forum and/or this to be pursued by the industry.</p> <p>Post meeting update – (11/06/2018) Company has contacted the DWI on two occasions for an update</p>	Ongoing

Summary of actions: 14 June 2018

No	Action	Comment
4	Company to project the level of investment and timescales to demonstrate how discolouration will be reviewed	Ongoing
5	Company to share the notes from the industry workshop with the Forum.	Complete

Summary of actions and challenges: 16 July 2018

No	Action	Comment
2	Company response to Ofwat regarding the freeze/thaw report to be shared with Forum members (response due in September)	Complete

No	Challenge	Comment
1	Company to make customers more aware of social issues as an integral part of its affordability and vulnerability strategy	Noted

Summary of actions: 16 August 2018

No	Action	Comment
1	Company to circulate plan to Forum members	Complete
2	Company to share 'sharing mechanism' document with the Forum	Complete
3	Environmental section of the report to be complete and sent to the chair for final review	Complete

Summary of actions: 31 October 2018

No	Action	Comment
1	Company to print the Forum report and send to members for distribution (100 copies) Post meeting update – 23/11/2018 99 copies printed	Complete
2	Company to arrange focused 'lessons learned' session, for the February 2019 Forum meeting	Ongoing
3	Company to send summary slides to Forum members regarding its view of 'lessons learned' Post meeting update – 1/11/2018 Slides circulated to members on 1.11.2018	Complete

4	<p>Company to review the 2019 meetings and potential dates to be sent to Forum members for agreement at the 13 December 2018 meeting</p> <p>Post meeting update – 12/11/2018</p> <p>2019 dates created and sent to diaries as well as emailed. Dates to be reviewed at the 13 December meeting.</p>	Complete
5	<p>Forum members to feed back on the APR change log prior to republishing</p> <p>Post meeting update – 15/11/2018</p> <p>APR change log sent to Forum members, feedback requested by 23 November 2018.</p>	Complete
6	<p>Company to share its stakeholder map with the Forum</p>	Ongoing
7	<p>Company to ensure the Forum has the necessary time to feed back on the assurance plan before progression to focus groups</p> <p>Post meeting update – 12/11/2018</p> <p>Company to bring this item back to the 13 December meeting.</p> <p>Post meeting update – 20/11/2018</p> <p>Draft assurance plan circulated to members for feedback and prior to the 13 December meeting where this item will be discussed.</p>	Complete
8	<p>Company to explore using focus groups within the education sector</p>	Ongoing
9	<p>Company to share its feedback to Ofwat on gearing with the Forum</p>	Ongoing
10	<p>Company to provide pollution and leakage updates to the Forum at the 13 December 2018 meeting</p> <p>Post meeting update – 14/11/2018</p> <p>Update will be provided at the 13 December meeting</p>	Complete