

Annual Performance Report 2020/2021

The changes we have made



YorkshireWater

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1. Purpose of this document

The information in our Annual Performance Report (APR) goes through several checks before it reaches you, this is to reduce the risk of errors within it. Sometimes, despite our checks, minor errors find their way into our report or changes can be made as a result of clarifications from our regulator, Ofwat. Rather than just updating this information in our APR, we thought it would be better to be open and transparent and tell you about any changes we make.

This document describes the changes and the reason for each change in our 2020/2021 APR. You may find it helpful to read this document in conjunction with the Excel Data Tables published on our website.

Where to find our Annual Performance Report and the Excel data tables

You can find our updated 2020/2021 Annual Performance Report and Excel Data Tables on our reports webpage: www.yorkshirewater.com/reports

They were published in February 2022.

How we will improve

We will learn from the errors to improve our performance reporting in future Annual Performance Reports. This includes conducting a review of the checks in place, conducting a risk assessment and using this to inform improvements to our future Assurance Plan.

2. Changes to data tables

Data change one:

What did we change?

Table Number	Data Item ID	Line Description	July Submission Input	Resubmitted Input
3A	3A.1	Water quality compliance (CRI)	2.46	2.34

Why has the data item changed?

This change is to align with the reported value published within the Drinking Water Inspectors Annual Report which can be accessed here:

<https://www.dwi.gov.uk/what-we-do/annual-report/drinking-water-2020/>.

We had an outstanding query with the Drinking Water Inspectorate which was clarified subsequent to publishing the final version of the APR. This has been updated to reflect the final position.

This change does not impact on the reward/penalty position.

Data change two:

What did we change?

Table Number	Data Item ID	Line Description	July Submission Input	Resubmitted Input
3B	3B.3	Sewer collapses	15.10	15.67

Why has the data item changed?

Following a query from Ofwat, further review took place on our reported figure against this performance commitment. From this review, an additional 30 reportable collapses were identified, of which 29 were from sewer flooding incidents and one was from a pollution incident. This performance commitment normalises this per 1,000km. Therefore, within the APR for 2020/21 we have amended this sewer collapse performance commitment from 15.10 collapses per 1,000km to 15.67 collapses per 1,000km. Collapses is an underperformance payment incentive only. The target in Year 1 was less than or equal to 18.26

collapses per 1,000km. This change in our reported number does not have an impact on the penalty position.

Data change three:

What did we change?

Table Number	Data Item ID	Line Description	Column Description	July Submission Input	Resubmitted Input
3B	3B.6	Operational carbon	Current reporting year	5.20%	3.60%
3B	3B.6	Operational carbon	Outperformance or underperformance payment	0.614	0.283

Why has the data item changed?

In our original APR submission, we reported a figure of 5.2% against this performance commitment. This has now been updated to 3.6%. This change follows a query we received from Ofwat on the version of the 'Carbon Accounting Workbook' we used to calculate this figure. We sought to follow global standards and report the most accurate baseline available and reported using version 15 of the Carbon Accounting Workbook. However, to ensure comparison of performance across the industry, we should have used version 13 of the workbook. The data has been updated and reflects a change in how emissions are calculated in the two different workbooks rather than a change or deterioration in performance. This updated value now allows for comparison across the industry. This has reduced the reward we have received from this performance commitment, reducing from £0.614m to £0.283m.

Data change four:

What did we change?

Table Number	Data Item ID	Line Description	Column Description	July Submission Input	Resubmitted Input
3F	3F.1	Mains repairs - Reactive	Performance level - Actual (Current reporting year)	3,855	3,880
3F	3F.1	Mains repairs - Reactive	Performance level - Calculated (i.e., standardised)	120.42	121.20
3F	3F.3	Mains repairs	Performance level - Actual (Current reporting year)	6,882	6,907
3F	3F.3	Mains repairs	Performance level - Calculated (i.e., standardised)	214.98	215.76
3A	3A.5	Mains repairs	Current reporting year	215.0	215.8
3A	3A.5	Mains repairs	Outperformance or underperformance payment	-3.156	-3.290

Why has the data item changed?

In our original APR submission, we reported a total figure of 6,882 mains repairs against this performance commitment. However, following a query received from our regulator Ofwat, which provided additional clarification on what else needed to be included in this measure to ensure consistency of reporting across the industry, we have updated our reported value to 6,907 mains repairs. The impact of this on the performance commitment, which is reported as a value of number of mains repairs per 1,000km of water mains to assist with the comparison of performance across the industry, is an increase from 215.0 to 215.8 mains repairs per 1,000km of water mains. This has also impacted the penalty we have received against this performance commitment, increasing from £3.156m to £3.290m.

Data change five:

What did we change?

Table Number	Data Item ID	Line Description	Column Description	July Submission Input	Resubmitted Input
3A	3A.9	Education	Current reporting year	7,076	5,590
3A	3A.9	Education	Outperformance or underperformance payment	-0.026	-0.029

Why has the data item changed?

A total of 7,067 learning hours was delivered through face-to-face or virtual teaching. Of these hours, due to the COVID-19 situation we were only able to obtain individual feedback for 5,590 of the learning hours we delivered, which was advised to be the reported value. This has increased the penalty we have received against this performance commitment, increasing from £0.026m to £0.029m

Data change six:

What did we change?

Table Number	Data Item ID	Line Description	Column Description	July Submission Input	Resubmitted Input
4L	4L.42	New meters introduced by companies for existing customers	Treated water distribution	0.272	0.00
4J	4J.16	Maintaining the long-term capability of the assets - non-infra	Treated water distribution	38.824	39.096
4D	4D.8	Base capital expenditure	Treated water distribution	76.466	76.738

4D	4D.9	Enhanced capital expenditure	Treated water distribution	6.792	6.520
2B	2B.16	Base capital expenditure	Water network +	116.015	116.287
2B	2B.17	Enhanced capital expenditure	Water network +	11.613	11.341

Why has the data item changed?

Following a query between ourselves and our regulator, Ofwat, it was identified that we had allocated Capital expenditure costs to the wrong category (enhanced/based). The 0.272 we had reported against 4L.42, has been moved to 4J.16. Correcting this issue will also impact tables 2B and 4D, although our overall capital expenditure is not affected, as this is a movement from enhancement expenditure to base.

Data change seven:

What did we change?

Table Number	Data Item ID	Line Description	July Submission Input	Resubmitted Input
4H	4H.4	Post tax return on regulatory equity	6.44%	6.78%
4H	4H.18	Effective tax rate	82.36%	11.45%
4H	4H.19	RCF	493.148	402.788

Why has the data item changed?

Post submission, a formula error within the excel data tables was identified against these items. Following the correction of the formula error, the reported figure updated.

Data change eight:

What did we change?

Two version of Table 1F have been included within our published Annual Performance Report for 2020/2021.

Why has the data item changed?

We would like to explain that two versions of Table 1F have been published due to ongoing discussions with our regulator, Ofwat, regarding potential differences of methodology and presentation within lines 1F.1, 1F.3, 1F.7 and 1F.18. We have shared our proposed amendments with Ofwat and are awaiting their consideration of our representations. The areas of difference between the two tables are as follows:

- an inconsistency in the use of inflation between the return on regulated equity (blended RPI/CPIH) and the allowed cost of debt (CPIH) – 1F.1 and 1F.7
- an incorrect representation of the actual return on equity – 1F.1 and 1F.3
- an inconsistency between accrued and in year out performance benefits, which could result in the double counting of returns – 1F.18

“Table 1F (YW)” shows data created using the methodology which Yorkshire Water believes to be a more appropriate representation, based on the ongoing discussions that have been held with Ofwat. “Table 1F (Ofwat)” shows the alternative return using the original Ofwat methodology.

3. Changes to commentary

Commentary change one:

What did we change?

For our 'Working with others' performance commitment explanation, we have added an explanation of the 'Eligibility Criteria' as required by Ofwat.

Why has the data item changed?

It was identified that the below piece of reporting and assurance evidence was missing from our original Annual Performance Report submission:

- Evidence of the full list of eligibility criteria published in your Annual Performance Report (APR) and the Yorkshire Forum for Water Customers' assurance that it is appropriate.

This has now been included within the resubmission.

Commentary change two:

What did we change?

For all the data changes made within the resubmission of the Annual Performance Report commentary has been added to explain the reason why within the report.

Why has the data item changed?

Commentary has been added to ensure we are being transparent with our reporting and to explain all changes to our customers and wider stakeholders.

Commentary change three:

What did we change?

Our Per Capita Consumption (PCC) commentary has been amended as shown below:

Changed from:	Changed to:
Our Year 1, three-year rolling performance is 130.8 l/h/d, calculated as an average of our performance in 2018/2019, 2019/2020 and 2020/2021. This is equivalent to a 3.3% increase from our baseline of 126.7 l/h/d, or 7.1 l/h/d in absolute terms.	Our Year 1, three-year rolling performance is 132.5 l/h/d, calculated as an average of our performance in 2018/2019, 2019/2020 and 2020/2021. This is equivalent to a 3.4% increase from our baseline of 128.2 l/h/d, or 4.3 l/h/d in absolute terms. Following publication of our original APR in July 2021, we identified that the figures previously stated in this commentary were incorrect and did not align with the information published correctly within the supporting data tables. This commentary has been updated as a result.

Why has the data item changed?

It was identified that the figures previously stated within this commentary were incorrect and did not align with the information published correctly within the supporting data tables. There has been to change to our reported number, this change relates to inaccurate commentary only. This commentary has been updated as a result.

Thank you

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