

Indicative Wholesale Charges Scheme 2022/2023

Board Assurance Statement
Published October 2021



YorkshireWater

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1. 2022/2023 Indicative Wholesale Charges Board Assurance Statement



2022/2023 Indicative Wholesale Charges Board Assurance Statement

In making this assurance statement, the Board has considered the requirements set out by Ofwat in its Wholesale Charging Rules, published in December 2018, and confirms that, to the best of its knowledge, having made all due inquiries and based on sources of evidence, that:

- a) the company complies with its legal obligations relating to the indicative Wholesale Charges it has published;
- b) the Board has assessed the effects of the new charges on water supply and sewerage licensees (as a whole or in groups) who are retailing wholesale services and on customers occupying Eligible Premises (as a whole or in groups) and approves the impact assessments and handling strategies developed in instances where bill increases for licensees (as a whole or in groups) who are retailing wholesale services and on customers occupying Eligible Premises (as a whole or in groups) exceed 5%;
- c) the company has appropriate systems and processes in place (including up-to-date models and data) to make sure that the information published about its indicative Wholesale Charges is accurate;
- d) the company has consulted with relevant stakeholders in a timely and effective manner on its indicative Wholesale Charges;

The Board would like to highlight that the Covid-19 situation is still ongoing in 2021/2022 and we have included assumptions within our forecasts for 2022/2023 based on the best information we have to date with regards to customer and consumption forecasts.

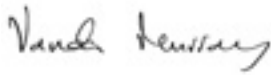
We have set our indicative Wholesale Charges using a reasonable expectation of the allowed revenues that we will receive using the information as published within our 2020/2021 Annual Performance Report (APR), which may change following the outcome of Ofwat's in-period determination process.

After taking the considerations noted above, we anticipate that the final Wholesale Charges will differ by more than an indexation variance to the indicative Wholesale Charges. As per the Wholesale Charging guidance we will publish the explanation of movements within the Board Assurance Statement, which will accompany the Final Wholesale Charges.

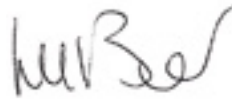
2022/2023 Indicative Wholesale Charges Board Assurance Statement

Signed by Yorkshire Water Services Limited Board of Directors

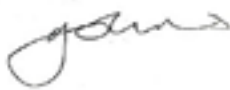
The Board owns and is accountable for the development of the indicative Wholesale Charges document. The indicative Wholesale Charges document and this supporting assurance statement was approved collectively by the Board in October 2021.



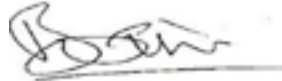
Vanda Murray
Independent Chair



Liz Barber
Chief Executive



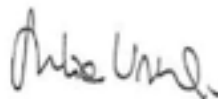
Chris Johns
Chief Finance Officer



Raymond O'Toole
Independent Non-Executive Director



Andrew Merrick
Independent Non-Executive Director



Julia Unwin
Independent Non-Executive Director



Andrew Wyllie
Independent Non-Executive Director



Andrew Dench
Non-Executive Director



Scott Auty
Non-Executive Director



Mike Osborne
Non-Executive Director

2. Charges data assurance summary



Charges data assurance summary

The governance in place and the assurance process detailed below in the production of the indicative Wholesale Charges, allows the Board to review and provide confidence in the charges we publish and the assurance processes we have followed.

The Board of Directors sign the 'Board Assurance Statement' which confirms:

- The Charges comply with our legal requirements.
- The Board has reviewed the effects of the 2022/2023 charges on customer bills for a range of customer types to assess if bill increases have exceeded 5%.
- We have consulted with the relevant stakeholders in a timely and effective manner.
- Appropriate systems and processes are in place to ensure the data and information contained in the Charges and additional information is accurate.

We would like to highlight that the Covid-19 situation is still ongoing in 2021/2022 and we have included assumptions within our forecasts for 2022/2023 based on the best information we have to date with regards to customer and consumption forecasts.

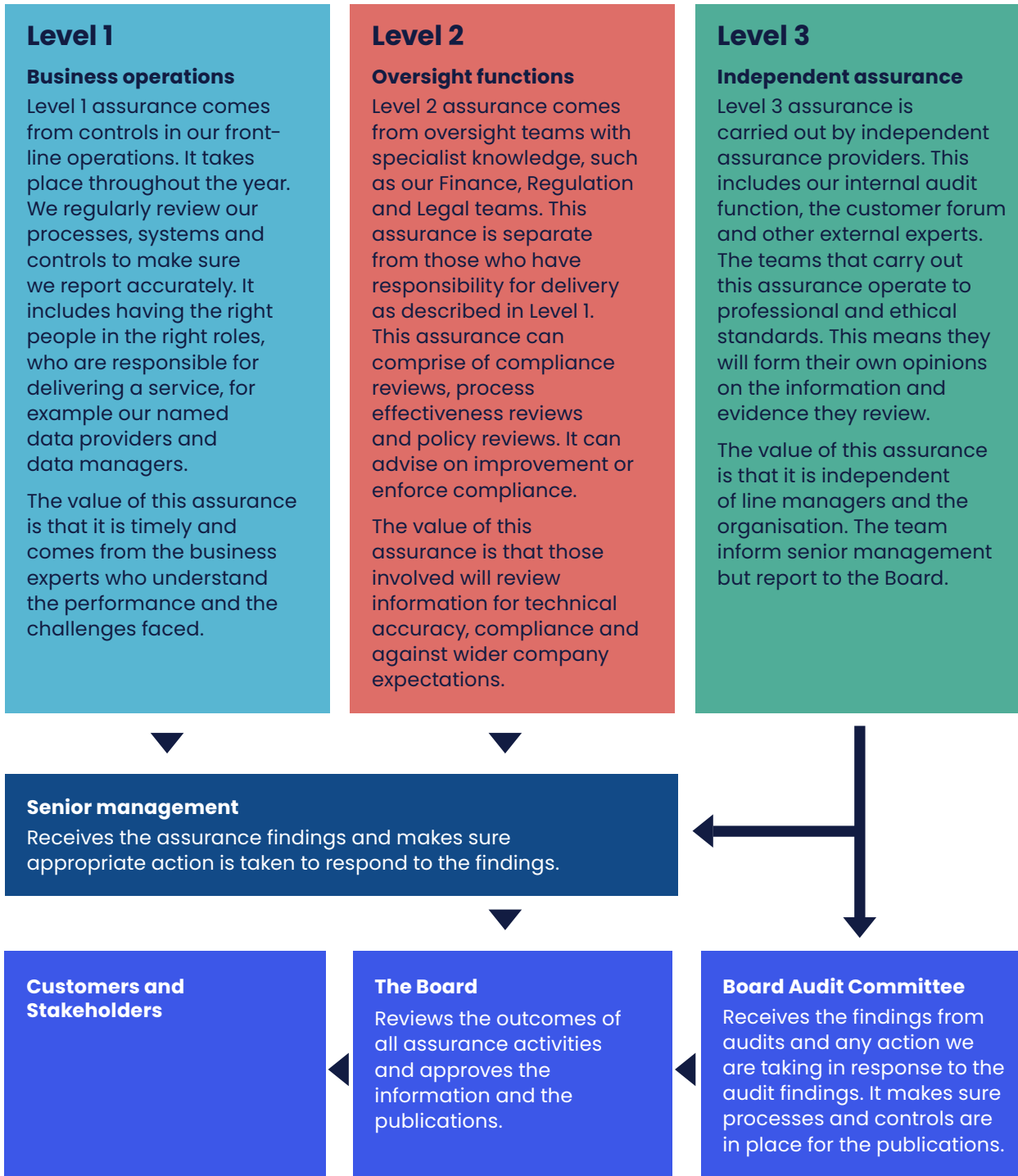
We have set our indicative Wholesale Charges using a reasonable expectation of the allowed revenues that we will receive using the information as published within our 2020/2021 Annual Performance Report (APR), which may change following the outcome of Ofwat's in-period determination process.

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Completed assurance levels explained

By mapping our assurance activities into three levels, the Board are given confidence that sufficient assurance is provided at the right time. Challenges can be investigated and an explanation provided at the earliest opportunity. A description of the levels of assurance is provided in the diagram on the next page. This includes both internal and external review.

Charges assurance levels explained



Level 1:

- All data inputs into the tariff model are from assured data sources, internal experts or forecasted.
- The tariff model is updated, and calculation input checks are reviewed.
- All movements in tariffs are reviewed and bill impacts assessed.
- Level 1 assurance ensures we remain compliant with the relevant revenue controls.
- Level 1 assurance confirms we are compliant with the published charges principles and guidelines.

Level 2:

- The Tariff Steering Group, which included internal business experts in regulatory finance, retail services and tariffs held several meetings to discuss charging policy, strategy and governance.
- A qualified member of our internal legal team is asked to agree any changes to the charges scheme book.
- The Tariff Steering Group has confirmed that the methodology has been followed, the resulting charges comply with the charging guidance requirements, the proposed tariffs meet regulatory requirements and the assurance process has been completed.

Level 3:

- External independent assurance was provided by our assurance provider Baringa, they;
 - audited the charges model to ensure the calculations are robust and the model is fit for purpose.
 - audited the charges model for compliance with charging principles and guidelines.
- A paper is submitted to the Board which contains;
 - a summary of the auditor’s findings – this allows a check to the Charging principles and guidelines;
 - the timetable for completion – this gives confidence the process is under control and all reporting requirements will be achieved;
 - tables comparing charges – this provides a transparent review of the movements in charges.
- Internal Audit complete an annual billing audit, to confirm that the tariffs have been included within the billing system correctly.

3. Stakeholder consultation table



Stakeholder consultation table

Date	Overview	Details of correspondence	Yorkshire Water Response
10/08/2021	CCWater request for information on 2021/2022 impacts.	We received a request for information from CCWater for an update on our plans for 2022/2023 charges with respect to whether we are planning any changes to our charges or attempting any rebalancing of charges that could potentially create bill shocks (or changes in charges which are significantly different from the norm) for some customers.	We responded by email on 30 September 2021 stating that we currently have no plans that should create bill shock at this stage of the charge setting process.
07/10/2021	The Yorkshire Water Wholesale Non Household Charges Scheme consultation was sent to all contracted Retailers on the 7 October 2021.	The aim of this survey was to capture Retailers feedback on the 2021/2022 charges scheme and encourage feedback on what future changes they would like to see. The survey had 10 questions and focused on three keys areas: <ul style="list-style-type: none"> • Transparency • Ease of use • Simplicity. 	The survey is due to close at the end of October. Once the survey has closed Yorkshire Water will review the feedback and make recommendations for any improvements if necessary.
To be arranged for November 2021	A liaison meeting with CCWater will be arranged to discuss any impacts of updates to forecasts of CPIH, customer and consumption assumptions.		

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