

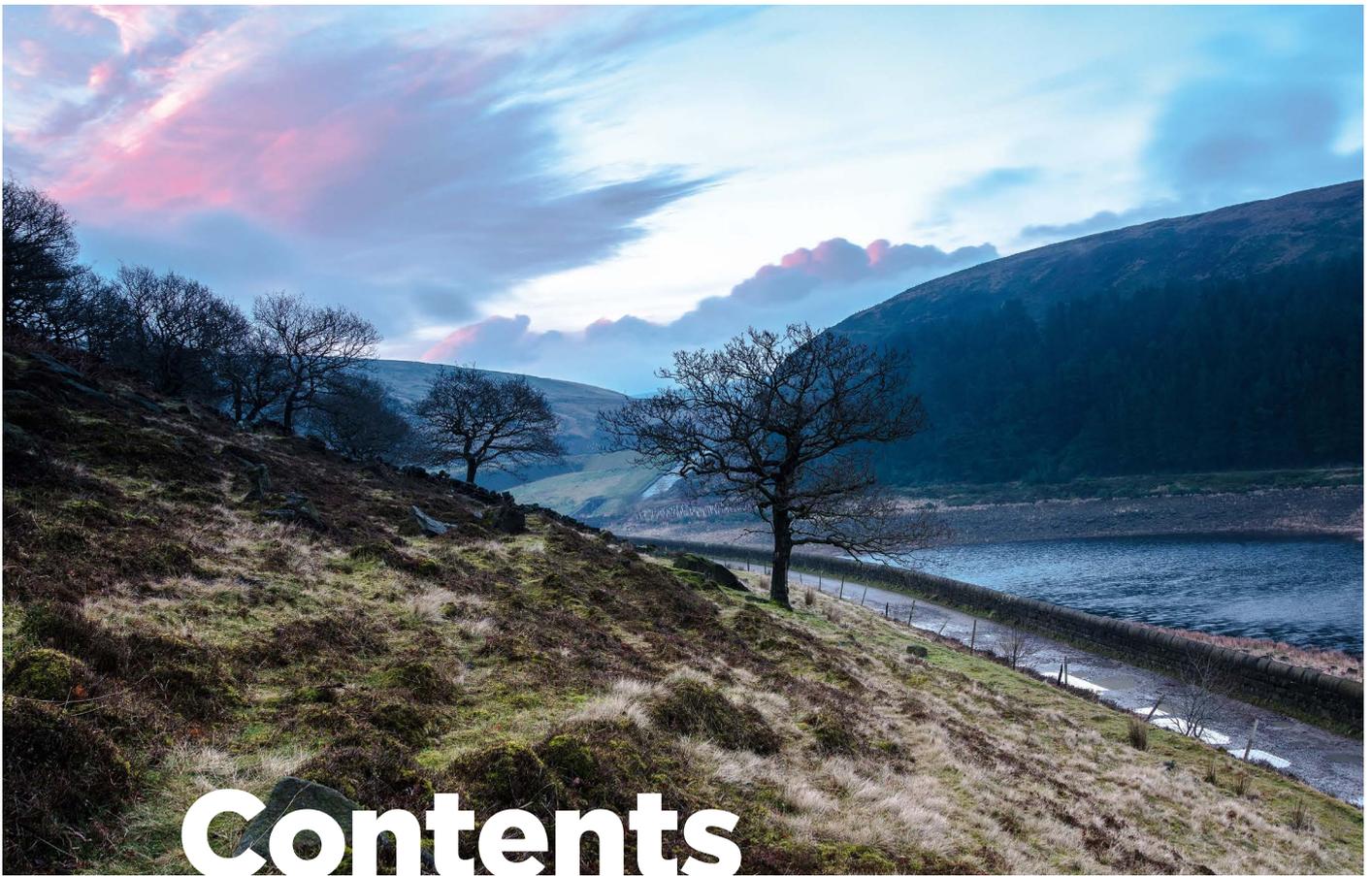
2017 - 2018



Yorkshire Forum for Water Customers

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





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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 collectively 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 is properly challenged over the quality of its involvement with customers and the integrity of how it interprets customer views and includes them in its business plan. The chair is responsible for overseeing the reports, on behalf of customers, to Ofwat on the development and acceptability of Yorkshire Water's business plan.

James Copeland
NFU North East Environment & Land Use Adviser - National Farmers Union

The NFU is the only organisation that champions all farmers and growers in England and Wales. They are here to give farmers and growers a voice and protect their way of life now and in the future. The NFU's purpose is to champion British agriculture and horticulture, to campaign for a stable and sustainable future for British farmers and to secure the best possible deal for its members. Their strength is in their numbers. With over 55,000 members, they are heard when it counts - locally, nationally and internationally. Every single member matters and makes the NFU stronger. A stronger NFU can be more influential, achieve more and give a more powerful and unified lobbying 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 statutory organisation representing household and business consumers across England and Wales. It was set up in 2005 to provide consumers with strong representation, including making sure their 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 are protected and improved.

Alistair Maltby
Operations Director - The Rivers Trust

The Rivers Trust is the umbrella body for the rivers trust movement, a network of over 50 local charities which work to protect, promote and improve our river environments, for both people and wildlife.

Dave Merrett
Independent Member

Dave act's as an independent member of the Yorkshire Forum for Water Customers, on which he previously represented Yorkshire local authorities (2012 to 2015). Professionally 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, working on Network Rail's 2014-2019 London, North Eastern and East Midlands Bridge Assessment contract.

Chris Griffin
Advice Services Director -
Citizens Advice Rotherham

Citizens Advice is a charity that provides the advice people need for the problems they face and improves the policies and practices that affect people's lives. They helped 2.7 million people face-to-face, over the phone, by email and webchat in 2016 to 2017 dealing with everything from money issues to problems at work, problems with housing and consumer rights.

Pam Warhurst
Chair - Pennine Prospects Ltd

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

As well as chairing Incredible Edible, she currently chairs a landscape partnership in the north of England, Pennine Prospects. In this capacity she serves on the Forum. She has led or occupied senior board positions in a number of bodies 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 on several regeneration bodies and social enterprises.

In 2005 she was made a Commander of the British Empire (CBE) for services to the environment.

Melissa Lockwood
Account Manager - Environment Agency

The Environment Agency works to create better places for people and wildlife, and support sustainable development. They are one of the water companies' environmental regulators and one of the statutory members of all water companies' customer challenge groups (CCGs). They use the opportunity of working to review and challenge Yorkshire Water's next five-year plan so that it achieves 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/customerforum

Our role

We, the Yorkshire Forum for Water Customers ('the Forum'), provide constructive challenge, on behalf of customers, to the aims of Yorkshire Water's business plans and how it plans to deliver those aims. We will make sure that Yorkshire Water fully consider customers' views and priorities through consultation and deliver the services that they want. We also meet regularly to monitor Yorkshire Water's performance against the commitments made to customers (performance commitments) for the period 2015 to 2020 and to make sure there is an appropriate level of involvement. The membership of the forum has been strengthened for the 2019 price review 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.
- Commenting on the quality and depth of customer research.
- Challenging how well the proposed outcomes and outcome delivery incentives reflect customers' views and priorities.
- Monitoring progress against the performance commitments set out in the previous business plan.
- Providing an independent report to Ofwat at the same time as Yorkshire Water sends its business plans for prices.

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, complete and 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 view and download the minutes from previous Yorkshire Forum for Water Customers meetings. Here is a link to the website: yorkshirewater.com/customerforum

Reflection on the year 2017/2018

Over the past year, we have continued to monitor and challenge Yorkshire Water to adopt plain English so that the reports it produces are easy to read and can reach more customers. We are pleased to see that Yorkshire Water has taken steps towards this and has gained a Crystal Mark for the customer summary report and the final assurance plan. Yorkshire Water has made improvements to the reporting webpages on its website making its publications more accessible for customers. We will continue to challenge in this area and on the accessibility of reports for all customers, including those who have learning and other disabilities.

Yorkshire Water has attended every Forum meeting to discuss its ongoing approach to customer and stakeholder involvement. We have challenged Yorkshire Water to make sure the insight drawn from its customer and stakeholder involvement has been fairly reflected in developing its business plan and informed its day to day operational decisions.

Yorkshire Water has continued to carry out an extensive programme of activity – significantly broader and deeper in scope than what was carried out for PR14 – which has explored, tested and evaluated the key themes of PR19 – great customer service, affordable bills, resilience and innovation – from multiple viewpoints across its diverse customer and stakeholder base. While some of these issues have research projects specifically dedicated to them, Yorkshire Water has also made the most of the knowledge and output from its ongoing programme of research and so exploration of these themes frequently cuts across many projects.

We are pleased with Yorkshire Water’s move towards providing an improved customer service through distinct strategies for financial and non-financial vulnerability. For those customers who may be struggling with their bills, we have provided guidance on the ongoing development of Yorkshire Water’s social tariff, Water Support, which will now double the number of customers who are helped in the new price-control period. Yorkshire Water has recognised that it will be dealing with customers who experience periods in their lives where their circumstances result in them being vulnerable. It has dealt with this area in what it has called its inclusive ‘service strategy’.

We welcome the appointment of a safeguarding officer. This role has given the company more skills in protecting its customers.

Yorkshire Water and its independent assurance provider, Halcrow, have attended a Forum meeting to present information on company performance in 2017/2018. We have noted that Yorkshire Water has met 22 out of 26 of its performance commitments. Yorkshire Water is currently forecasting a reward of over £60 million for improving performance against the promises it made to its customers between 2015 to 2020. We are satisfied that an appropriate level of assurance has been provided on the results in the annual performance report and that we have had the opportunity to challenge and review the information and the publication.

We will be looking at the balance of interests between customers and those of investors, as well as dividend policy and governance issues and how Yorkshire Water should share information when it has outperformed its performance commitments.

Yorkshire Water has improved its position on the Ofwat Company Monitoring Framework from the 'prescribed' category to the 'targeted' category. We welcome this improvement. Yorkshire Water did better than Ofwat's expectations in three areas of the company monitoring framework; board leadership, transparency and governance and the assurance plan and data assurance summary. Yorkshire Water met expectations on all remaining areas except for the financial monitoring framework where minor concerns were raised. We will continue to monitor and challenge Yorkshire Water in this area to make sure that the information it publishes can be trusted by customers to meet its ambition to achieve 'self-assurance' in the next Ofwat assessment.

The Forum, since the time of the last price review has encouraged Yorkshire Water to simplify its financial structure. We were pleased with the announcement made by Yorkshire Water of its commitment to remove three subsidiary companies incorporated the Cayman Islands. The three Cayman Island companies - Yorkshire Water

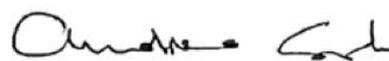
Services Odsal Finance Holdings Limited, Yorkshire Water Services Odsal Finance Limited and Yorkshire Water Services Bradford Finance Limited are no longer needed and Yorkshire Water is working to remove them as soon as possible. We have received assurance from Yorkshire Water that the Cayman Island companies were originally formed to raise debt and not to avoid paying tax. UK tax rules have always applied to Yorkshire Water and the Cayman island companies.

We support the extra funding to improve leaks, sewer flooding, pollution performance, and customer supply time interruptions. Several million pounds are being invested to transform Yorkshire Water's operational performance before the end of the current price-control period in 2020.

This series of initiatives from Yorkshire Water makes clear how the company is working towards the highest standards in customer service and operational delivery.

It's what Yorkshire Water customers expect, and what they deserve. I am sure they will welcome the investment which includes a major contribution from shareholders. Customers need to be at the heart of proposals to regain trust and confidence in the water industry.

For more information on the Yorkshire Forum for Water Customers, including terms of reference and minutes from the meetings, please go to yorkshirewater.com/customerforum



Andrea Cook OBE
Chair, Yorkshire Forum for
Water Customers

