

# Indicative Wholesale Charges Scheme 2023/2024

Board Assurance Statement  
Published October 2022



YorkshireWater

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# Contents

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# **1. 2023/2024 Indicative Wholesale Charges Board Assurance Statement**

# 2023/2024 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 October 2021, 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 whilst we have not made any significant changes to methodology or introduced any new tariffs, we have seen an increase in our bill assessment impact of between 6.6% to 8.5%.

The increase in our bill impact assessment is linked to the current high forecasts of November CPIH, which is currently at 8.7%, and to impacts on our underlying forecasts of customers and consumption relating to the ongoing economic climate.

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 2021/2022 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.

## 2023/2024 Indicative Wholesale Charges Board Assurance Statement

### Signed by Yorkshire Water Services Limited Board of Directors

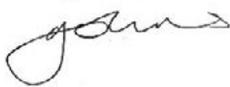
The Board owns and is accountable for the development of the indicative Wholesale Charges document. The indicative Wholesale Charges document and this supporting assurance statement was approved collectively by the Board in October 2022.



**Vanda Murray**  
Independent Chair



**Nicola Shaw**  
Chief Executive



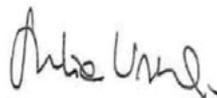
**Chris Johns**  
Chief Finance Officer



**Raymond O'Toole**  
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

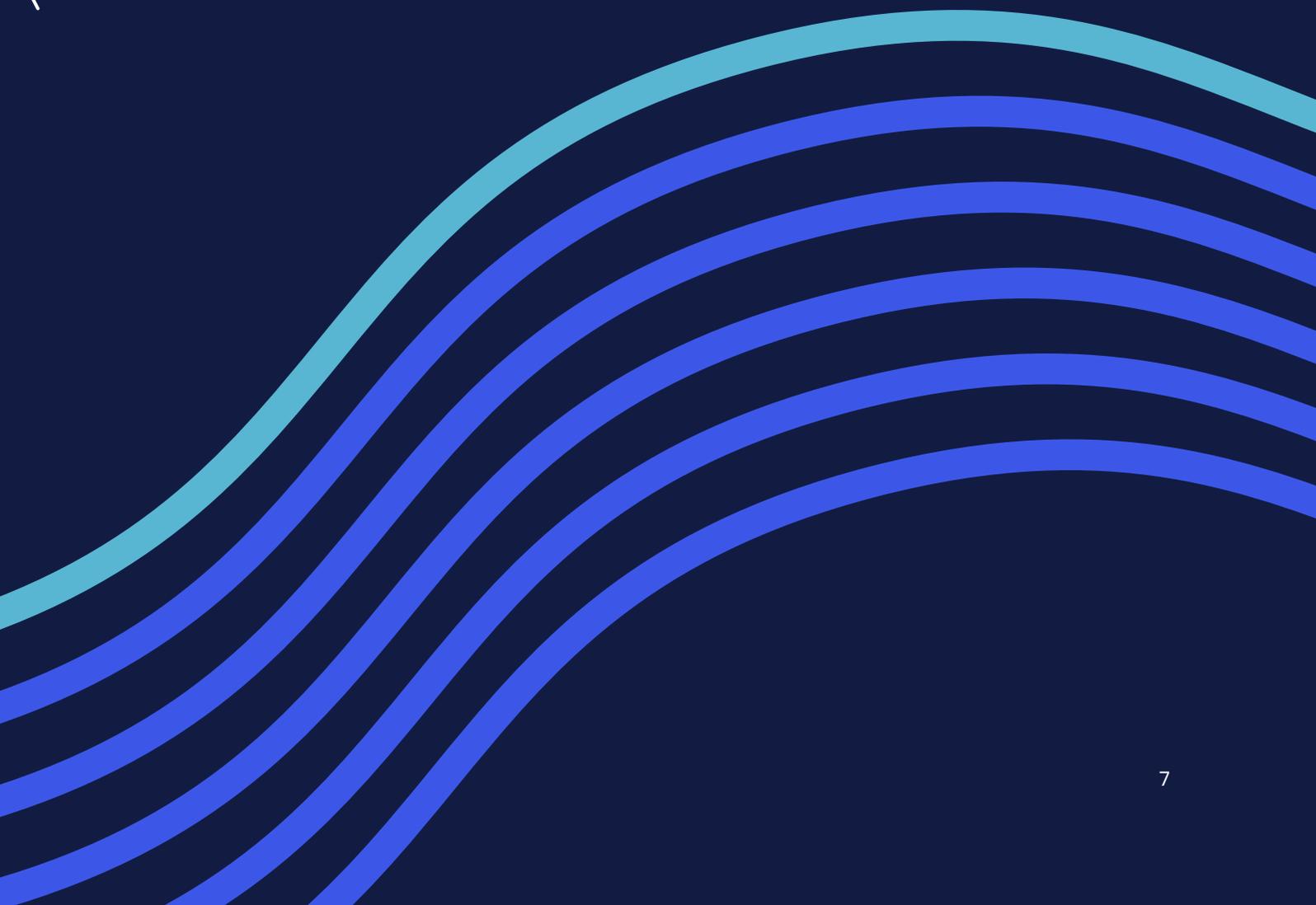


**Scott Auty**  
Non-Executive Director



**Russ Houlden**  
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 2023/2024 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.

The Board would like to highlight that whilst we have not made any significant changes to methodology or introduced any new tariffs, we have seen an increase in our bill assessment impact of between 6.6% to 8.5%.

The increase in our bill impact assessment is linked to the current high forecasts of November CPIH, which is currently at 8.7%, and to impacts on our underlying forecasts of customers and consumption relating to the ongoing economic climate.

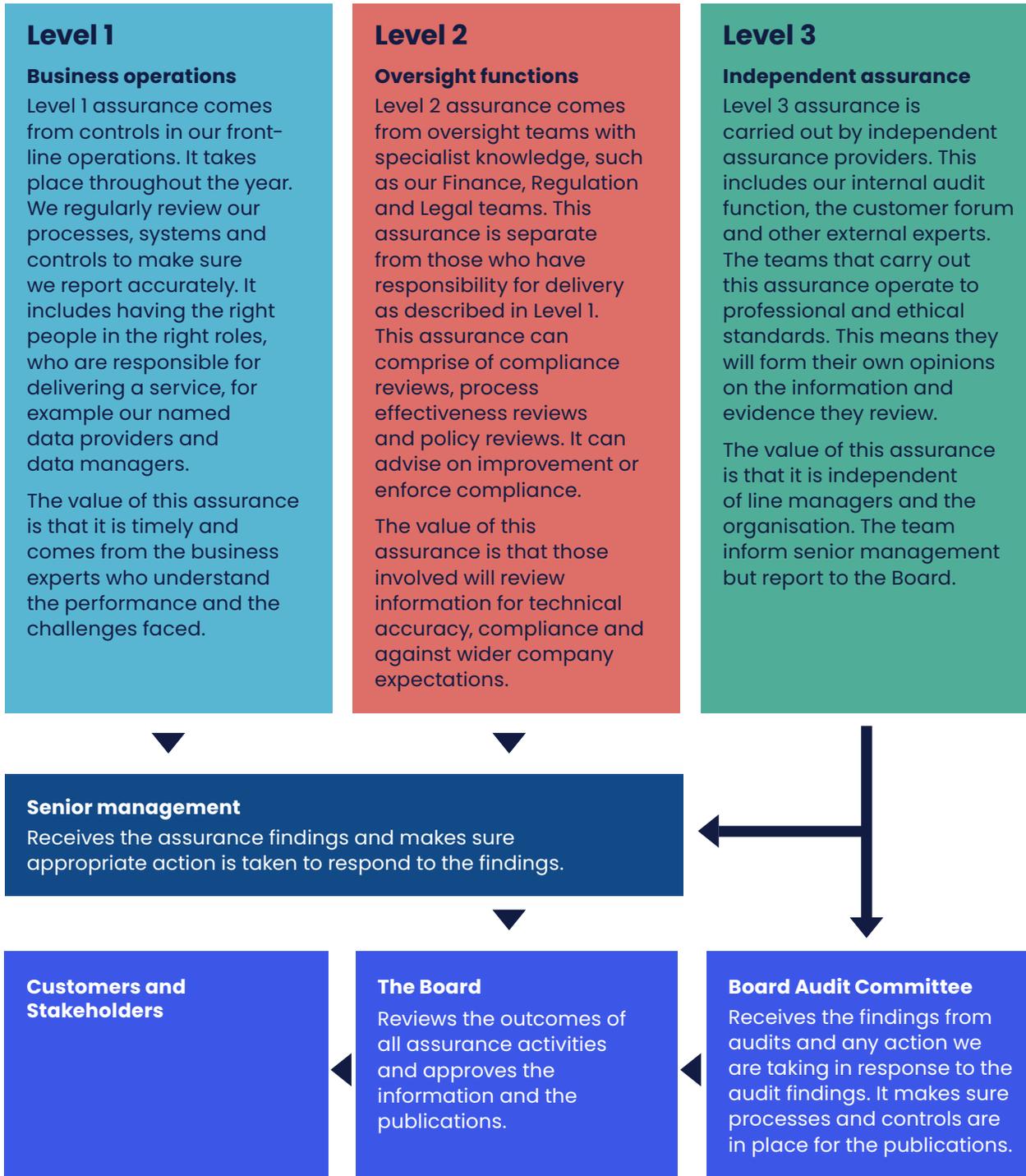
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## Completed assurance levels explained

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
28/09/2022	Teams meeting with CCWater to discuss the indicative Wholesale Charges for October 2022.	YW requested a meeting with CCWater to discuss the latest forecast of bill impacts relating to the modelling of the indicative Wholesale charges. The impacts on bills are assessed at being between 6.6% and 8.5%, this is mainly being driven by high November CPIH forecast, reductions in consumption forecasts and offset by reduction in revenue allowances due to ODI and RFI adjustments.	N/A
30/09/2022	The Yorkshire Water Wholesale Non Household Charges Scheme consultation was sent to all contracted Retailers on the 30 September 2022.	<p>The aim of this survey was to capture Retailers feedback on the 2022/2023 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:</p> <ul style="list-style-type: none"> <li>• Transparency</li> <li>• Ease of use</li> <li>• Simplicity.</li> </ul>	The survey is due to close 14 October 2022. Once the survey has closed Yorkshire Water will review the feedback and make recommendations for any improvements if necessary.
03/10/2022	CCWater request for information on 2023/2024 impacts.	We received a request for information from CCWater for an update on our plans for 2023/2024 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 completed the CCWater template to reflect the impacts on bills are assessed at being between 6.6% and 8.5%, this is mainly being driven by high November CPIH forecast, reductions in consumption forecasts and offset by reduction in revenue allowances due to ODI and RFI adjustments.
To be arranged for November 2022	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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