

July 2019

Trust in water

PR19 draft determinations

Yorkshire Water – Addressing affordability and vulnerability actions and interventions

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PR19 Draft Determinations: Yorkshire Water - Addressing affordability and vulnerability actions and interventions

Following our initial assessment of plans, we categorised two types of actions for slow-track and significant scrutiny companies:

- required actions for companies which in general were required for draft determinations (or final determinations for some aspects of past delivery); and
- advised actions for companies to do by a specific date but that are not required for our draft determinations.

Table 1 below sets out the required and advised actions, a summary of the company's response to the action, our assessment of the company's response, and any further interventions we are making as part of the draft determination.

Each action has a unique reference. The prefix 'YKY' denotes the company Yorkshire Water. The central acronym references the test area where the action has been identified, please see the 'PR19 draft determinations: Glossary' for a key to these acronyms. Actions whose numbers are preceded with an 'A' denote required actions and actions whose numbers are preceded with a 'B' denote advised actions.

Table 2 below sets out any further interventions that are not resulting from an action which we are making as part of the draft determination.

Each further intervention that is not resulting from an action has a unique reference. The prefix 'YKY' denotes the company Yorkshire Water. The central acronym references the test area where the action has been identified, please see the 'PR19 draft determinations: Glossary' for a key to these acronyms. Intervention numbers are preceded with a 'C'.

For all other documents related to the Yorkshire Water draft determination, please see the [draft determinations webpage](#).

Table 1: Yorkshire Water's response to required actions and interventions for draft determinations

Test area	Action reference	Action type	Action	Date required	Summary of company response to action	Our assessment and rationale	Required interventions
Addressing affordability and vulnerability	YKY.AV.A1	Required	Yorkshire Water has not provided its long-term bill profile for the 2025-2030 period. Yorkshire Water should provide its long-term bill profile for the 2025-30 period.	1 April 2019	Yorkshire Water provides a proposed real bill profile, based on customer engagement, on a range of bill profiles for bills during the 2025-30 period. The proposed average bill at the end of the 2025 to 2030 period is £397 in real terms.	No intervention required. Yorkshire Water sufficiently addresses this action by providing a bill profile for the 2025-30 period.	N/A
	YKY.AV.A2	Required	Yorkshire Water has not provided sufficient evidence to demonstrate that it has tested multiple bills profiles with customers beyond 2025, particularly for the 2025-30 period. Yorkshire Water should undertake customer engagement on long-term bill profiles for the 2025-30 period and provide sufficient evidence to demonstrate customer support for each of the profiles tested. Yorkshire Water should confirm that testing has been assured by its customer challenge group	1 April 2019	Yorkshire Water provides a proposed real bill profile, based on customer engagement on a range of bill profiles for bills during the 2025-30 period. The proposed average bill at the end of the 2025 to 2030 period is £397 in real terms and 82% of customers supported the chosen bill profile in a quantitative research exercise. The company confirms that the research was undertaken by an Market Research	No intervention required. The company provides sufficient evidence to show it considers customer preferences on long-term bills and that it has support for its planned bill profile for the 2025 to 2030 period. The profiles shown to customers in the company's quantitative research include scenarios where the bill goes down and scenarios where it goes up, so customers are given a meaningful	N/A

			and conducted in line with social research best practice.		Society Code Company Partner, which it states shows its commitment to social research best practice. The company's customer challenge group is supportive of its approach, stating 'The Forum commends Yorkshire Water on delivering high quality customer research within a very demanding timescale and for the extent of the consultation with the Forum'.	choice. The company's approach is in line with social research best practice and has been assured by its customer challenge group. However, it should be noted that the company's price adjustment between 2025 and 2026 is higher than in its September 2018 submission (going from an increase of £2 to an increase of £7).	
YKY.AV.A3	Required	Yorkshire Water should provide sufficient evidence of how the proposed social tariff cross subsidy was decided following the initial round of testing. In addition, it should provide sufficient evidence that customers were shown the proposed cross-subsidy during of a final round of acceptability testing.	1 April 2019	Yorkshire Water has re-run its social tariff acceptability testing and provided clear evidence of how it decided the level of cross subsidy it is proposing (£1.62). As a result of this additional research, the company has decided to increase its own funding of bill support by making an extra £5m available. This means that its performance commitment 'Direct support given to customers' is increasing from a target of 50,000 per year to an increasing profile that will see it reach 83,000 by the end of the period. The company states it tested the bill profile, with the cross-subsidy included, in bill profile testing during February and March 2019. The company states 88% of customers supported its business plan in this exercise. The company states that plans for its social tariff were signed off by the Consumer Council for Water and its customer challenge group prior to inclusion in its business plan.	No intervention required Yorkshire Water undertakes additional social tariff research to establish willingness to pay a cross-subsidy. The research shows the cross-subsidy in context of the customers' overall bill. The company acts on the results of the study by increasing the funding it provides voluntarily for schemes which support customers with their bills and increasing ambition on a corresponding performance commitment.	N/A	
YKY.AV.A4	Required	Yorkshire Water has not proposed a performance commitment on Priority Services Register (PSR) growth. It is proposing to increase its PSR reach from 2.4% in 2019/20 to 3.1% of households in 2024/25. We consider this to be an insufficiently ambitious target. In addition, the company has only checked 14.2% of PSR data over the past two years. We propose to introduce a common performance commitment on the Priority Services Register (PSR): Yorkshire Water should include a performance commitment which involves increasing its PSR reach to at least 7% of its customer base (measured by households) by 2024/25 and committing to checking at least 90% of PSR data every two years. For further information on the performance commitment definition, and reporting	1 April 2019	See PR19 Draft Determinations: Yorkshire Water - Outcomes actions and interventions	See PR19 Draft Determinations: Yorkshire Water - Outcomes actions and interventions	See PR19 Draft Determinations: Yorkshire Water - Outcomes actions and interventions	

			guidelines, please refer to 'Common performance commitment outline for the Priority Service Register ("PSR")', published on the initial assessment of plans webpage.				
	Advised actions	Advised	No actions are advised.	N/A			

Table 2: Further interventions for draft determinations

Intervention reference	Our assessment and rationale	Interventions
N/A	N/A	N/A

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