

September 13, 2022

Dear Sir/Madam,

RESPONSE TO OFWAT'S DRAFT PR24 METHODOLOGY

Please find our collective response to your PR24 Draft Methodology. We would appreciate Ofwat considering the comments made below as part of their overall consultation process.

By way of an introduction the Yorkshire Leaders Board and Yorkshire and Humber Chief Executives group bring together the 22 councils across the Yorkshire and Humber region, along with the two Mayors in South and West Yorkshire, and the combined authorities in those areas.

Since mid-2021 the Yorkshire Leaders Board and Yorkshire Water have been working together to develop a process to allow local authorities to co-create Yorkshire Waters new long-term-strategy and PR24 business plan to ensure that the plans represent the needs of the Yorkshire and Humber region and reflect the priorities of local authorities.

To facilitate this process there have been five regional roundtables so far with representatives nominated by the Yorkshire Leaders Board, including economic development, planning and flood risk management. The roundtables have covered housing and economic growth, Drainage and Wastewater Management Plans, Water Resource Management Plans, storm overflows and the draft PR24 methodology. To date the sessions have identified the following priorities for Yorkshire Waters emerging business plan:

1. To develop a business plan that responds to the diverse needs of the Yorkshire region and recognises the unique challenges and strengths of the County.
2. To ensure that Yorkshire Water supports the economic growth ambitions for the region by delivering investment in network capacity and reduce flood risk to support housing growth and better protect our communities.
3. To ensure that Yorkshire Water continues to provide the investment required to continue the delivery of the Living with Water and Connected by Water flood resilience plans and enable similar partnerships in West and North Yorkshire.
4. To develop a business plan that allows Yorkshire Water to be flexible and agile and able to respond to emerging opportunities to work in partnership with local authorities and align with their business and flood risk management plans.
5. To focus on delivering the long-term investment required to create a more resilient region in the face of the climate and biodiversity emergency.

The sessions also identified where they felt that Ofwat's PR24 draft methodology impacted on the above Yorkshire Leaders Boards priorities:

1. The draft methodology sets and expectation that companies should focus on the long term. This fits in well with the desire from local authorities for Yorkshire Water to deliver long-term investment in resilience.
2. The move towards collaborative customer research across all water companies risks creating a one size fits all approach to assessing business plans, which may not allow Yorkshire Water to take account of the specific needs of the Yorkshire region.
3. There is a risk that the new 'open challenge sessions' proposed by Ofwat become the main forum for stakeholder feedback and that the work done through the Yorkshire Leaders Board is not given sufficient weighting in the assessment of the business plan.
4. The requirement in the draft methodology to include named schemes only in the investment plans would restrict the ability of Yorkshire Water to respond to emerging opportunities for jointly funded schemes or newly arising issues that would benefit customers and provide best value.
5. There were also concerns raised by the Flood Risk Managers in the sessions about the lack of focus on reducing flood risk with no clear outcomes identified. The future impacts of climate change on existing Yorkshire Water assets are a clear concern and it was thought that listing it as a key outcome or core service to combat the effects of climate change should be considered.
6. As one of the largest drainage asset owners in the country water companies need to work closely with other Flood Risk Management Authorities to become more resilient to our changing climate.

We do hope that the comments above are helpful in the formulation of your final methodology for PR24, if you would like to discuss the contents of this letter further or require any further feedback please feel free to contact the Leaders Board secretariat at yhcouncils@wakefield.gov.uk.

Warmest regards

Cllr Carl Les and Cllr Stephen Houghton
Co-Chairs of the Yorkshire Leaders Board