

December 2022

Creating tomorrow, together:
Our final methodology for PR24

Appendix 6

Your water, your say

About this document

Chapter 4 of [our final methodology](#) mentions our expectation that each company will carry out two open challenge sessions. They will allow customers and other stakeholders to challenge company's business plans in a public forum. We have named the open challenge sessions '**Your Water, Your Say**' / '**Eich Dŵr, Eich Llais**' (referred to as 'Your Water, Your Say' in the remainder of this document).

This appendix provides a more detailed description of our expectations for Your Water, Your Say sessions, including our consideration of responses to our PR24 draft methodology consultation.

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1. Introduction

This appendix explains our PR24 final methodology expectation that each company will hold two Your Water, Your Say sessions. Each Your Water, Your Say session will allow customers and other stakeholders to pose questions to their water company about issues that are important to them, including priorities for the future, in a public environment.

In this document we:

- summarise our final methodology policy;
- present stakeholder responses in detail;
- highlight any changes from draft methodology;
- provide our reasoning for our final decisions; and
- provide further information about how we expect them to be carried out.

2. Hearing directly from customers and other stakeholders

The price review framework inevitably results in Ofwat hearing each of the water companies putting its case. We also hear from local and national stakeholders who advocate for outcomes for the environment or long-term government priorities to be delivered.¹

For PR24, we want our price review decisions to be more **transparently and directly informed by the views of customers, communities and wider stakeholders** so that we better understand:

- the key issues that companies should be taking into account as they develop their price review submissions, including affordability concerns; and
- whether their proposals address customers' concerns and environmental priorities.

2.1 Our final methodology policy

We are calling 'open challenge sessions', **Your Water, Your Say / Eich Dŵr, Eich Llais**. They provide an opportunity for customers, communities and wider stakeholders to pose questions about issues that are important to them, including priorities for the future, to water companies in a public environment.

We confirm that we expect each company to hold two open challenge sessions, now called Your Water, Your Say:

1. one during development of the business plan; and
2. one following the October 2023 submission for PR24.

2.2 Changes from our draft methodology

Our policy position on 'open challenge sessions', Your Water, Your Say, remains as stated in the PR24 draft methodology. This appendix provides additional information on our expectations.

¹ Examples for PR24 include WINEP, transition to net zero, and climate change.

2.3 Stakeholder views

In our draft methodology we proposed **open challenge sessions**, which customers and other stakeholders can attend so that they have opportunities to challenge companies on their plans directly in an open forum. In this section, we set out stakeholders' views on our proposal.

Respondents to our draft methodology consultation broadly agreed with the introduction of open challenge sessions. However, company respondents also raised queries on a range of themes, including on the:

- purpose and weight on evidence from open challenge sessions compared to other evidence of customers' and stakeholders' views;
- potential to make use of existing mechanisms for customer and stakeholder challenge;
- timing of the open challenge sessions; and
- practical considerations.

2.3.1 Relative weight

Many companies and a small number of wider stakeholders commented on the need for the final methodology to provide greater clarity on expectations for how companies will use the evidence gathered from open challenge sessions. This included how Ofwat will use this information during our assessment of PR24 submissions.

Some companies explained their concern that evidence from open challenge sessions may be given undue weight when compared with evidence from other customer engagement activities during the development of business plans. One company set out its view that the potential benefit of open challenge sessions is overstated due to the range of existing opportunities for customers and wider stakeholders to influence its plan.

2.3.2 Existing mechanisms

Four companies explained their view that they already have customer engagement mechanisms in place that are similar in nature to the proposed open challenge sessions, such as local customer challenge arrangements, or open meetings. Some companies questioned what additional benefit the "Your Water, Your Say" sessions would have above and beyond the existing mechanisms already in place.

2.3.3 Timing

A small number of companies commented that holding an open challenge session after submission of the PR24 business plan means that companies do not have the opportunity to respond to issues raised. One company suggested that timing of the sessions should be flexible, so that the company has the right information for the first session and has time to make adjustments to its business plan.

2.3.4 Practical considerations

Many company and wider stakeholder respondents raised queries on a range of practical considerations for open challenge sessions. These included:

- whether two open challenge sessions is the right number.
- the risk that only the most vocal attendees might be heard, or sessions may not reflect the stakeholder base as a whole due to differing levels of understanding of the water sector and/or not enough time to explore issues fully.
- the risk that open challenge sessions might not be inclusive or attended by a balanced or representative range of stakeholders.
- how these sessions should be promoted.
- the importance of the Chair choice for legitimacy and overall success.

2.4 Our final decisions and reasoning

We set out below our approach to Your Water, Your Say sessions.

As it is the statutory consumer body for the water industry in England and Wales, CCW agrees that it should have a key role. We are continuing to work together with CCW on development and implementation of Your Water, Your Say sessions.

2.4.1 Purpose of Your Water, Your Say sessions

Your Water, Your Say sessions provide an opportunity for customers, community and wider stakeholders to pose questions about issues that are important to them, including priorities for the future, to water companies in a public environment.

Companies are expected to hold two Your Water, Your Say sessions. One will be during development of the business plan and long-term delivery strategies. Another will be after their PR24 submissions to Ofwat in October 2023.

The first session will allow attendees to ask questions about key features of business plans as well as local priorities or service issues that they would like to see addressed in the company's PR24 submissions. We anticipate that this will be between February and June 2023 for all companies. We expect each company's October 2023 PR24 submission to show how it has addressed the points raised, or explain why it has not done so. Information from this Your Water, Your Say session will contribute to our understanding of the issues that are important to each company's customers and wider stakeholders.

The second Your Water, Your Say session will allow each company's customers and other stakeholders to question the company on whether and how the issues that were previously raised are addressed in its October 2023 PR24 submissions and pose new questions. We expect them to happen in October or November 2023, immediately after companies' submissions. Information from this Your Water, Your Say session will contribute to our understanding of how issues are being addressed, outstanding issues and allow us to hear companies' explanation of why specific issues are not addressed.

Working with CCW, we intend to provide a more detailed brief describing our expectations for Your Water, Your Say sessions. This brief will include information on expected timings for:

- promotion of each session to potential attendees.
- submission of questions in advance of each meeting.
- review of the company's introductory presentation.
- the company's creation of a written record of the discussion at the session.

2.4.2 Format

With CCW, we have carefully considered the merits and potential drawbacks of 'virtual' and 'in person' Your Water, Your Say sessions. Due to the disparate and distant geographical areas covered by some water companies, we have decided that a virtual meeting is most likely to allow more people to attend from a variety of backgrounds.

During engagement about Your Water, Your Say sessions ahead of publication of this PR24 final methodology, some companies and other stakeholders suggested that there should be different meetings for different geographical areas due to the differences in priorities between, for example, customers in Northumberland versus Essex or Suffolk (Northumbrian Water) or central London versus Home Counties or Thames Valley (Thames Water).

We set a minimum expectation that companies will hold two Your Water, Your Say sessions, as outlined above. Companies are at liberty to hold more open meetings, as they wish, but they will be outside of the arrangements we are putting in place, such as facilitation by the Independent Chair(s).

We will continue to work with CCW, and engage with companies and wider stakeholders, to create guidance for how each Your Water, Your Say session will run, including how they should start and finish as well as the themes that should be covered.

We expect companies to consider how best to promote each Your Water, Your Say session to the widest range of customers and stakeholders. Promotional activities should target the most vulnerable and hard-to-reach customers. Companies will need to consider and respond to the differing levels of understanding of the water sector across the wider variety of potential attendees of each Your Water, Your Say session as they prepare presentations and respond to questions at the live events.

Companies' plans for each session should take account of the need to invite involvement of people with no access to IT.

2.4.3 Independent Chair

To achieve a consistent and fair approach to all open challenge sessions, and maximise independence from companies and Ofwat, we and CCW have agreed to jointly commission an Independent Chair (or Chairs) for the Your Water, Your Say sessions.

The Independent Chair(s) will:

- Lead and facilitate the smooth running of each Your Water, Your Say session.
- Make sure that the agenda for each open challenge session is followed and kept to time.
- Control who speaks at each open challenge session.
- Make sure that the water company responds to questions.
- Aim to make sure all types of attendees are comfortable in the meeting and are given opportunities to pose questions to the water company.
- Avoid the open challenge session focussing on dominant voices, or on a single issue.

2.4.4 Company role

Each company owns the planning and implementation of Your Water, Your Say sessions.

Ofwat and CCW will set expectations for the content of the introductory presentation in advance. We expect the themes for the company presentation to be aligned to customers' and environmental interests and the overall themes of the PR24 price review.

For each session, we also expect the company:

- To lead promotional activities to attract attendees and questions, working with CCW, Ofwat and local customer challenge arrangements to ensure consistent messages to potential participants.
- To make all the necessary technical and administrative arrangements to ensure the meeting can be run effectively.
- to answer questions from customers and other stakeholders that are directed to them by the Independent Chair.
- To create and publish a written record of the discussion, for review and sign off by the Independent Chair.
- To demonstrate how it is responding to questions posed at the event, either in its final PR24 submissions, or directly to an attendee if that is the most appropriate course of action.

Where a company has existing customer and stakeholder engagement mechanisms in place that are similar in nature to Your Water, Your Say sessions, we expect it to avoid duplication, whilst delivering the requirements we have set out here, and in our guidance that we expect to publish in January 2023.

2.4.5 Attendees

Your Water, Your Say sessions provide a public opportunity for customers, communities and wider stakeholders to pose questions and challenges to their water company.

Companies should aim for attendees of the Your Water, Your Say sessions to be representative of the customer base as far as possible, covering:

- different geographical areas.
- customers that receive water only or wastewater only services.
- all socio-economic groups, and a rural/urban mix.
- representative organisations for customers, communities and wider stakeholders.
- stakeholders who have an interest in water issues but might not have engaged with PR24 to date.

We expect senior representatives of Ofwat and CCW, and other regional or national stakeholders in the water sector, to be invited to attend each event.

2.4.6 Use of evidence from Your Water, Your Say sessions

As mentioned above, we expect companies to create and publish a written record of the discussion at each Your Water, Your Say session, for review and sign off by the Independent Chair.

We expect evidence from Your Water, Your Say sessions to form part of the suite of evidence of customers' and stakeholders' views that companies take into consideration as they develop their PR24 submissions. We expect companies to consider and explain whether and how their final PR24 submissions address the issues and priorities raised by customers and wider stakeholders at the first Your Water, Your Say session.

Evidence from open challenge sessions will be considered alongside other evidence of customers views generated through the PR24 collaborative customer research or through company-specific engagement activities for consideration as we make our determinations.

2.4.7 Next steps

We are continuing our engagement with water companies and wider stakeholders in the water sector to develop and implement Your Water, Your Say sessions, including the Wales PR24 Forum (mentioned in Chapter 2 of [our final methodology](#)).

We expect to publish guidance for Your Water, Your Say sessions in January 2023.

**Ofwat (The Water Services Regulation Authority)
is a non-ministerial government department.
We regulate the water sector in England and Wales.**

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